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Foe of Iran Regime Leaves France, Is Welcomed in Iraq

AP

Massoud Rajavi

By Michael Dobbs
Washington Post Service

PARIS — The leader of a leftist Iranian opposition group has left France under apparent government pressure in a move interpreted here as a conciliatory gesture by France toward Tehran and the pro-Iranian kidnappers of French citizens in Beirut.

Massoud Rajavi, leader of the Mujahidin Khalq, which has been waging a guerrilla campaign against the Iranian government, flew out of Paris on Saturday afternoon aboard a private aircraft. He had been in exile here since July 1981.

Mr. Rajavi's departure followed a large-scale police operation at Auvers-sur-Oise, a village near Paris that had been the headquarters for the Mujahidin in France. The police checked the identities of about 60 Mujahidin supporters, including bodyguards and secretaries, at Mr. Rajavi's bunker-like residence.

His departure removed a major obstacle to an improvement in relations between Paris and Tehran and could be part of the price for the possible release of French hostages in Lebanon.

The developments Saturday came against a background of complex negotiations, involving Iran and Syria, for the release of nine Frenchmen kidnapped in Beirut over the past year.

Although the French police said that no expulsion order had been served on Mr. Rajavi, it was clear that his decision to leave was the result of government pressure. Prime Minister Jacques Chirac said last month that the government would crack down on what he called the "excesses" of Iranian political exiles in France.

Over the past five years, Mr. Rajavi has stated openly that his aim was to overthrow the government of Ayatollah Ruhollah Khomeini.

With Iraq, France has long been a favored place of exile for Iranian opposition politicians. Ayatollah Khomeini lived in France for three months before his return to Iran in February 1979 at the height of the Islamic revolution.

Political analysts said the presence of the anti-Khomeini exiles has become embarrassing to the French government at a time when it is seeking to negotiate an end to the hostage crisis in Lebanon. The kidnappers have called repeatedly for French concessions to Iran and an end to French support for Iraq

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Alberto Marquez/The Associated Press

Marcos backers burned an effigy of Corazon C. Aquino during a Manila rally on Sunday.

U.S. Ordered by Court to Release $7.6 Million in Assets to Marcos

By George Lardner Jr.
Washington Post Service

WASHINGTON — A U.S. judge has ordered the return of more than $7.6 million in jewelry, currency and other goods seized from the former Philippine president, Ferdinand E. Marcos, and members of his entourage when they landed in Hawaii in February. The ruling was harshly critical of the U.S. Customs Service.

Judge Harold Fong of the U.S. District Court in Honolulu ruled Friday that the Customs Service had no right to hold the property. The judge said he had "grave reservations" about the agency's conduct and voiced suspicions that "certain employees and attorneys representing Customs have been less than candid with the court."

[In Manila on Sunday, thousands of supporters of Mr. Marcos, armed with bottles, stones and slingshots, battled policemen who kept them from marching to the presidential palace by hurling tear gas bombs and firing into the air, The Associated Press reported.

[Police and hospital officials said 21 persons, including seven police officers and two infants, were injured during two hours of battles and chases through city streets.]

Judge Fong said the Customs Service "has not seized the goods pursuant to any investigations into potential violations of U.S. law." He rejected the agency's position that it could hold the property until it determined its rightful owner.

That position, the judge said, "flies in the face of nearly 200 years of customs law and practice."

The order also appeared to apply to the more than 2,000 pages of financial documents that were taken from Mr. Marcos when he landed in Honolulu on Feb. 26 and were later released publicly, over his protests, by a Foreign Affairs subcommittee of the House of Representatives.

The documents were subpoenaed by a federal grand jury and are now in the custody of the Justice Department.

Judge Fong's ruling does not affect a lawsuit by the Central Bank of the Philippines seeking return of the currency on the ground that it had been removed illegally from the Philippines. The bank's attorneys are expected to argue that the money should be held until that case is settled.

Dennis Murphy, a Customs Service spokesman in Washington, said the agency would not release

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Waldheim Is Elected President of Austria

By David Storey
Reuters

VIENNA — Kurt Waldheim, the former United Nations secretary-general, was elected president of Austria on Sunday in the second round of voting of an election marked by controversy over his service in Hitler's army.

Karl Blecha, the interior minister, announced that Mr. Waldheim had won 53.8 percent of the vote

Israel hinted it would consider a change in its level of ties with Austria. Page 6.

and that his Socialist Party rival, Kurt Steyrer, received 46.1 percent, with the results of one polling station outstanding.

Mr. Waldheim said that his task would be to heal the wounds that had been opened in Austrian society. "My first task will be to try to bring all the political parties together so that we can solve the great problems of the future," he said.

Mr. Waldheim consistently denied allegations by the New York-based World Jewish Congress and other groups that he participated in war crimes during the German campaign in the Balkans from 1942 to 1945 and later covered up his role.

[Investigations are under way by the United States, Israel and Britain. But the U.S. Justice Department said Sunday that, as the elected Austrian president, Mr. Waldheim would be allowed into the United States regardless of the outcome of any investigation, The Associated Press reported.]

Mr. Waldheim, the candidate of the conservative People's Party, will succeed Rudolf Kirchschläger, an independent nominated by the Socialists, for a six-year term in the largely ceremonial presidency.

It was the first time since World War II that the Socialist candidate had failed to win the presidency.

Political sources said that the result was a clear sign of voter rejection of the ruling Socialist Party and that the vote indicated a chance for the People's Party to win the general election scheduled for April and take power after 16 years of opposition.

Socialist officials were expected to meet to discuss possible calls for an early election and the future of the Socialist party leader, Chancellor Fred Sinowatz, the sources said.

Mr. Sinowatz said last week: "We do not intend to link the presidential election with other political issues." He added, "We will win the

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Rick Wilking/Reuters

Kurt Waldheim greeted supporters outside People's Party headquarters on Sunday after his victory was announced.

Troops Move Against Sikh Extremists

Reuters

CHANDIGARH, India — Thousands of paramilitary troopers entered Punjab on Sunday to raid the hideouts of Sikh extremists after at least 12 persons were killed in weekend attacks in the north Indian state.

A police official said the Punjab chief of police, Julio Ribeiro, was in Amritsar, the Sikh holy city, to direct the raids on extremist strongholds along the border with Pakistan. "We are going to attack them," the official said.

Earlier, the chief minister of Punjab, Surjit Singh Barnala, went to Amritsar to consult officials.

After the killings, 4,500 troopers were sent to the districts of Amritsar and Gurdaspur on the border with Pakistan. They joined about 35,000 troopers already deployed across Punjab to assist its 34,000-man police force.

The police official said that men from the Border Security Force and the Central Reserve Police Force marched Sunday in seven towns in the region in an attempt to restore confidence among Hindus, who are in the minority in the Sikh-dominated state.

Punjab's moderate Sikh government has said about 1,200 Hindus have fled to neighboring Indian states to escape the strife.

Police said that in the latest attack, two Hindus were killed and a third was wounded when three Sikh gunmen opened fire at a gathering in a Hindu shrine in Gurdaspur district on Sunday.

The wave of killings came at the end of a week of protests by radical Sikh groups mourning about 1,000 Sikhs killed in the assault by the Indian Army on the Golden Temple on June 6, 1984. The Golden Temple, in Amritsar, is the holiest shrine of the Sikh religion.

At a memorial meeting in the Golden Temple on Friday, the militants threatened death to the state police chief and the Punjab chief minister, and assailed India's central government.

On Friday night three men were killed in an Amritsar suburb, and a Hindu watchmaker was gunned down in a city market.

The same night, police said, extremists killed an Iranian student in Patiala and fled with his motorcycle.

Five ice cream sellers were shot dead on Saturday outside a factory on the outskirts of Amritsar.

Earlier in the week, Sikh militants armed with iron bars, swords and bamboo staves had rampaged at the Golden Temple, and a guard was stabbed to death.

Moscow Warns Pretoria On Angola Port Attack

Compiled by Our Staff From Dispatches

MOSCOW — The Soviet Union warned South Africa on Sunday that its attack on a Cuban and two Soviet merchant ships in the Angolan port of Namibe "cannot be left unpunished" and said Pretoria faced far-reaching and dangerous consequences because of its action.

The government also said the United States had to share partial responsibility for the attack because of its support for South Africa.

Radio Moscow reported Saturday that two Soviet ships were badly damaged and a Cuban ship was sunk in the attack on Thursday. The report said that frogmen attached mines to the hulls of the ships and that "at almost the same time gunboats opened fire on the port installations with missiles."

The Angolan news agency ANGOP had previously reported that a South African warship slipped into the southern Angolan port before dawn Thursday. In addition to attacking the ships, the agency said, the ships fired missiles that hit an oil storage depot on shore.

No Soviet casualties were reported in the action.

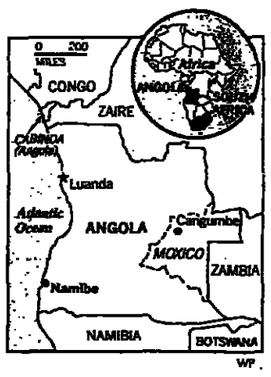
South Africa has refused to comment on the attack. In Cape Town on Sunday, a South African Foreign Ministry spokesman, Awie Marais, also refused to comment on the Soviet warning.

The Soviet government statement, carried by the official Tass news agency, condemned the attack as an act of terrorism.

"Responsible for the act of terrorism in the Port of Namibe in Angola is the Republic of South Africa," the statement said. "Actions of this kind cannot be left unpunished."

The statement gave no indication of how the Soviet Union, which has more than 1,000 military advisers in Angola, would retaliate.

"Responsibility for this is also shared by those who patronize the Republic of South Africa, above all



the United States," the statement said.

The Soviet Union said the United States should prove it was against terrorism by putting pressure on South Africa to stop "flouting the generally accepted norms of international law."

It said frequent that United States and British vetoes in the United Nations on resolutions calling for comprehensive sanctions against Pretoria have been inter-

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Chernobyl Creates a New Tightrope

Despite Economic Damage, Bloc Seeks Not to Offend Soviet

By Jackson Diehl
Washington Post Service

WARSAW — Private farmers stricken by plummeting food sales and Western bankers holding billions of dollars of debt have emerged as the most tangible losers in the aftermath of Eastern Europe's contamination by the Chernobyl nuclear accident.

The Soviet bloc governments of the region and their ambitious nuclear power programs, meanwhile, appear to have survived the crisis largely unscathed.

The accident appears to have made the safety of nuclear power a public issue in Eastern Europe for the first time since a widespread program to build nuclear power plants began in the late 1970s.

It also has raised questions about the Soviet Union's relations with its allies, who clearly were concerned about Moscow's failure to provide timely information after the disaster April 25.

Yet, as the leaders of Moscow's six East European allies prepare to meet with Mikhail S. Gorbachev, the Soviet leader, in Warsaw Pact summit talks this week, there is no public sign that Eastern Europe

Anti-nuclear protesters and police clashed for a second day in West Germany. Page 2.

will win any political or economic concessions from the Soviet Union as a result of the accident.

Moreover, the bloc already has reaffirmed the Soviet-led construction program for nuclear plants for the region. The Eastern European trade alliance, Comecon, announced "unanimous" agreement last month at a meeting in Moscow that "an accelerated development of nuclear power engineering is the best method of coping with energy problems."

Plans call for an increase in the number of nuclear reactors from 18 to 50 in the six countries by the end of the century, including eight plants scheduled to open in Bulgaria, Czechoslovakia, Hungary and East Germany by the end of next year.

The relatively small consequences of the accident, Western diplomats and experts said, illustrate the degree to which Eastern Europe's alternatives in energy policy are constrained by Soviet control over supplies of natural resources and technology.

At the same time, concern about a Soviet reaction seems to have caused several governments in the region to play down economic damage.

"They can't address the problems of farmers without embarrassing the Soviets," a Polish agricultural expert said. "So they are trying to do and say as little as possible."

Despite the ability of Communist governments to deflect the issue of losses after the accident, there are some signs that public concern about the safety of nuclear plants may emerge as an enduring problem.

Polish authorities already have faced a variety of petition drives and small-scale protests on nuclear issues since the accident, including calls for a re-examination of plans for the country's own nuclear plants.

The public pressure prompted government assurances that structures to contain radiation leaks would be built into Poland's nuclear stations and new safety measures would be adopted, even at the cost of delaying their construction. Romania and Bulgaria also have promised publicly to re-examine safety issues.

Such public pledges are significant, if only because Eastern European governments previously dismissed the issue of nuclear safety as a Western media phenomenon.

Official reports, however, have indicated so far that safety concerns are not likely to slow the rapid pace of nuclear construction in the region.

"The anxiety of Polish society brought about by the breakdown was understandable," said the nation's leader, General Wojciech Jaruzelski, in a speech last week. But he added, "Poland will be unable to do without nuclear power

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Reagan to Assert Soviet Sends Arms to Managua

By Gerald M. Boyd
New York Times Service

WASHINGTON — White House officials said that President Ronald Reagan, in a campaign to try to win congressional approval of new aid for Nicaraguan rebels, would assert this week that the Soviet Union has resumed direct arms shipments to Managua.

The officials said Saturday that U.S. intelligence sources had information showing that a Soviet freighter delivered a large amount of military supplies to Nicaragua in early May.

Attempts to reach the spokesman at the Nicaraguan Embassy in Washington were unavailing. The spokesman was in Nicaragua, according to the person who answered the phone, and no one else could respond.

The White House officials speculated that the reported shipment of hardware was intended to help Nicaragua mount a new drive against the U.S.-backed guerrillas seeking

A new Contadora draft received a cool reception. Page 3.

to overthrow the Sandinist government.

Mr. Reagan is hoping to win approval by the House of Representatives for $100 million in aid to the rebels, who are known as "contras." He is expected to lobby heavily over the next two weeks, before the scheduled House vote on the package. The president is seeking $70 million in military aid and about $30 million for nonmilitary purposes.

The White House officials said the Soviet arms shipment they described was one of several important developments since March, when the House rejected Mr. Reagan's aid request, that would strengthen the White House case this time.

The officials said Mr. Reagan is expected to assert that the Nicaraguan government has increased repression in recent months, including a new crackdown on the political opposition, and that Nicaragua has actively sought to thwart regional efforts to negotiate a peace.

The new administration assertion about Soviet arms was made by a senior White House official and later repeated by another Reagan aide who said he had seen intelligence reports supporting the assertion. The officials said they were unable to provide documentary evidence because of sensitivity over how the information was obtained.

Administration officials have been reluctant to discuss Soviet arms deliveries to Nicaragua since they were embarrassed by assertions in November 1984 that Moscow might be supplying MiG-21 fighter planes to Managua. The assertions came after a U.S. surveillance satellite passing over a Soviet port observed 12 crates of the kind that usually contain MiGs next to a Soviet freighter, the Bakuriani.

U.S. intelligence analysts later concluded that there had probably not been any fighter planes aboard the Bakuriani when it was unloaded at the Nicaraguan port of Corinto, although some White House officials suggested that the planes might have been stowed below deck and not unloaded because of the sharp protests by Washington to Moscow.

According to the U.S. officials, the new arms shipment marked the first time in more than 18 months that the Soviet Union has supplied

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Luc Novovich/Reuters

Ivan Lendl hoists his trophy Sunday after beating Mikael Pernfors in the finals of the French Open. Page 19.

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PERSONAL INVESTING

A midyear survey of the world's stock markets finds they are shifting gears, and the transition may be rough. Page 11.

EC, Worried by U.S. Rift, Acts to Improve Dialogue

Reuters

HEEMSKERK, Netherlands — The European Community, worried by deteriorating relations with the United States, ordered Sunday that its officials examine ways of improving dialogue with Washington.

The decision, prompted in part by a U.S. plan to abandon the SALT-2 arms treaty with the Soviet Union, was made by foreign ministers during a two-day meeting.

The Netherlands foreign minister, Hans van den Broek, said that the ministers had ordered the policy review in a special attempt to coordinate U.S.-European action in areas of international tension.

EC diplomats said the ministers' decision underlined worries that the two sides were drifting apart on a range of foreign policy issues. They added that these concerns were likely to be the main focus of attention at a summit meeting June 26.

Mr. van den Broek, president of the EC Council of Ministers, said the SALT-2 issue had not been discussed. Diplomats said this was mainly because of Irish sensitivity

The Soviet Union is losing hope for an arms accord with the Reagan administration. Page 2.

about becoming involved in discussions concerning the North Atlantic Treaty Organization, of which Ireland is not a member.

Giulio Andreotti, the Italian foreign minister, told Italian television that the Europeans believed the 1979 SALT-2 treaty had to be retained.

The White House has said the U.S. might abandon the unratified treaty because Moscow was breaching its provisions. The Soviet Union denies that it is violating the treaty.

The ministers' talks focused on other differences with the U.S. on handling problems of the Middle East, Central America and other aspects of East-West relations, as well as a growing threat of a trans-Atlantic trade war, EC diplomats said.

Mr. van den Broek said the min-

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Corriere Press

Hans van den Broek

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Soviet, Losing Hope for Arms Pact With Reagan, Looks Beyond

By Gary Lee
Washington Post Service

MOSCOW — President Ronald Reagan's renunciation of SALT-2 has severely diminished expectations among Soviet officials for a strategic arms control accord with his administration, and Moscow is positioning itself for negotiations in the post-Reagan era.

The Kremlin has left options open for other arms agreements with the Reagan administration — a new accord on extending the 1972 treaty curbing anti-ballistic missile defenses, agreements for limiting chemical weapons, or reducing U.S. and Soviet troop levels in Central Europe, for example.

Despite the differences over the unratified SALT-2 strategic arms limitation treaty, the Kremlin, apparently looking beyond the Reagan administration, is strengthening its longer-term position for negotiating nuclear agreements.

President Reagan said May 27 that the United States intended to continue equipping B-52 bombers with cruise missiles — meaning it would no longer adhere to the nuclear ceilings defined in SALT-2. The move was not unexpected, but it struck Moscow-based arms control specialists as poorly timed.

It followed a series of public relations setbacks for the Soviet leader, Mikhail S. Gorbachev, including the April 26 Chernobyl nuclear disaster and the April 15 U.S. air raid against Libya, a major Soviet ally.

It came in the midst of Soviet maneuvering for a meeting between Mr. Gorbachev and Mr. Reagan later this year in Washington, and preparations for a major gathering of the Soviet-led Warsaw Pact Defense Council.

Mr. Gorbachev, already viewed as on the defensive, is "in no position to grant major concessions for an agreement with Washington," said a senior Western envoy.

And yet, the reasons for the Kremlin to seek an arms control agreement as a hedge against military spending are compounding daily. They include drains on the Soviet economy caused by sharply lower oil prices, the weak dollar, the Chernobyl cleanup costs and the retooling of Soviet industries.

Moscow's interest in helping to bring a more sympathetic Social Democratic government to power in the 1987 West German federal elections adds to its reasons for showing flexibility on the arms issue.

But Soviet officials have said that Mr. Reagan's new position on SALT-2, combined with his rejection of Moscow's pro-

NEWS ANALYSIS

posal for a nuclear test ban and his undiminished commitment to the Strategic Defense Initiative, leave no ground for an arms control agreement.

However, Moscow's denunciation of the new Reagan position, considered mild by Western analysts, still held open the option for both sides to continue the spirit of SALT-2. In a statement May 31, the Soviet government said that U.S. violations of the SALT-2 limits would lead to the Soviet Union's also disavowing them.

But it said that the Soviet side "proceeds from the premise that the continued observance, on a mutual basis, of the obligations formulated by the SALT-2 treaty would have considerable importance for the maintenance of the security balance and the enhancement of security."

At the same time, the Soviet leadership is quietly bolstering its approach to arms control.

The personnel assigned to East-West relations are being upgraded. The promotion of the former ambassador to the United States, Anatoli F. Dobrynin, whose role in negotiating final stages of SALT-2 increased his reputation, touched off promotions for other specialists on the United States and arms control.

A disarmament agency has been created in the Foreign Ministry.

There were two other moves likely to influence U.S.-Soviet strategic negotiations: a call from Mr. Gorbachev to reduce obstacles to economic growth and refinements of Moscow's arms control strategy toward Washington.

On May 23, Mr. Gorbachev summoned Soviet ambassadors and senior Foreign Ministry officials to a closed meeting, where he reportedly emphasized that resolving long-time domestic economic problems was his No. 1 priority.

"When Gorbachev calls ambassadors back to tell them that he wants domestic economic growth above all," an analyst here said, "it's a way of saying, 'Let's cut down defense costs if we can.'"

Six days after Mr. Gorbachev's speech, Soviet negotiators in Geneva put forward a proposal for extending the 1972 anti-ballistic missile treaty. U.S. officials have said it was the first new Soviet position on space weapons in months.

In its campaign for a nuclear test ban, the Soviet Union already has shown greater sophistication in its public arms control positions than under previous Soviet leaders.

Unlike the Kremlin's campaigns in 1982 and 1983 against Pershing-2 and cruise missiles in Western Europe, and the continuing war of words against Mr. Reagan's missile shield, the fight for an underground nuclear test ban "seems to be designed to accentuate the weak points in the U.S. position, which is not strong," an analyst said.

Other analysts noted one other important similarity between Moscow's pitch for a test ban and its support for the SALT treaty: In both cases the Kremlin has made its position clear, but closed off no negotiating options.

WORLD BRIEFS

Cuba Frees Castro Foe After 25 Years

HOMESTEAD, Florida (AP) — A Cuban imprisoned 25 years ago for his part in the Bay of Pigs invasion was reunited with his family Sunday after being released by President Fidel Castro and flown to Florida.

"Sometimes there aren't words to express how one feels," Ricardo Montero Duque said moments after an emotional greeting by relatives at the Homestead Air Force Base. "I'm very grateful to the people and the government of the United States. I'm very happy to be here."

Mr. Montero, 60, was freed five years before the end of his sentence from the Combinado del Este prison outside Havana. He said he did not know why Mr. Castro had released him.

China Denies Melee Hurts Its Image

BEIJING (WP) — The Chinese authorities have denied suggestions that China's relations with African nations had been damaged by a recent clash between Chinese and foreign students at Tianjin University.

At a news conference Saturday, officials also denied that racism had been a factor in the May 24 incident and predicted that the problem would soon be resolved.

African students involved in the incident — a five-hour melee with the throwing of stones, bricks and bottles that left several students injured — continued to insist that racism was a factor. Chinese students demanded punishment for Africans accused of throwing beer bottles and glasses and injuring seven Chinese students in the fight, which erupted at a dining hall where the Africans were holding a dance.

Thai Leader Declines To Seek Elective Post

Agence France-Presse

BANGKOK — Prime Minister Prem Tinsulanonda announced Sunday that he would not run in next month's assembly elections.

He had been under pressure from members of several political parties to try to become Thailand's first head of government to hold a seat in the legislature.

Mr. Prem, however, left open the possibility of accepting another appointment as prime minister. Mr. Prem announced his plans on the eve of registration by candidates for elections to be held on July 27.

Under the Thai Constitution, the prime minister is appointed by the king and the president of the National Assembly and does not have to be an elected member of the legislature.

But several political leaders had urged Mr. Prem to set a precedent by running for a seat in the legislature.

On May 1, the House of Representatives was dissolved and new elections were called after Mr. Prem's coalition government lost a key vote on economic policy.

Mr. Prem, 65, is expected to be asked to return as prime minister. He has led three successive governments since 1980 without a party affiliation.

Mr. Prem said Sunday that he had to remain neutral to guarantee fair elections. He said that if he joined a political party and took part in the election, he would appear to be "not acting in a neutral manner."

Analysts said that Mr. Prem's decision was likely to upset the electoral plans of several political parties, including the Democratic Party.

After the legislature was dissolved, the Democrats urged Mr. Prem to lead the party's campaign from his hometown of Songkhla, in southern Thailand, where he would not have faced a significant challenge. The Democrats are widely favored to win the largest number of seats.

Analysts said Mr. Prem's decision not to take part in the election resulted in part from the marked improvement in his political position following his dismissal of the commander of the armed forces, General Arthit Kamlang-ek, on May 27.

General Arthit was seen as a major rival to Mr. Prem, whose government is the longest-serving, wholly civilian administration in the country since it became a constitutional monarchy in 1932.

The dismissal of General Arthit deprived the opposition of a powerful voice within the government.

Fighting Erupts Again in Beirut; Iran Seeks Accord

United Press International

BEIRUT — Shiite Moslem militiamen and Palestinian guerrillas battled with rockets and machine guns in southern Beirut on Sunday. At least 81 people have died in 15 days of fighting.

Army troops closed one of the three main crossings linking East Beirut and West Beirut after overnight mortar and rocket fighting between Christian and Moslem militiamen, police sources said.

The fighting has tapered off since the Shiite Amal militia announced a cease-fire late Thursday on the occasion of the feast marking the end of Ramadan, the Moslem month of fasting.

Iran, which has expressed desire to end the inter-Moslem fighting, sent Mohammed Ali Besharati, deputy foreign minister, to Beirut on Sunday to try to work out a compromise, radio stations reported.

Talks between the two sides at the Iranian and Algerian embassies in Beirut failed to achieve agreement to end the Amal-Palestinian dispute, which centers on the Palestinians' armed presence.

77 Vietnamese Refugees Rescued by Relief Ship

Reuters

TROISDORF, West Germany — The crew of a West German relief ship has rescued 77 Vietnamese refugees, 28 of them children, from a small boat in the South China Sea, said a spokesman for the ship, the Cap Anamur II.

The refugees were rescued Saturday 210 miles (340 kilometers) southeast of the Vietnam coast, the spokesman said. They were said to be exhausted and hungry and without drinking water after four days at sea. The refugees told the rescuers that about 30 ships had passed them without stopping.

New York Hospital Chief Lied

Reuters

NEW YORK — The chief administrator of hospitals in New York, Victor Botnick, 32, has been ordered by Mayor Edward I. Koch to spend 30 days working as a hospital orderly after he admitted that he lied about having a university degree in biology.

Wolfgang Kumm/Reuters

Policemen removing anti-nuclear protesters from a street in Brokdorf, West Germany.

Hamburg Nuclear Protest Is Violent

Reuters

HAMBURG — Nearly 300 people were arrested Sunday on a second day of anti-nuclear protests in West Germany marked by bloody clashes between the police and demonstrators.

In Hamburg, the police said they had detained about 260 people from among at least 800 who rampaged through the city, stoning the police, smashing bank and shop windows and erecting barricades, which they then set afire. Many of the protesters were masked.

At least 20 more demonstrators were arrested Sunday after clashes at the construction site of a nuclear reprocessing plant in Wackersdorf, in Bavaria. Up to 2,000 demonstrators gathered at the site again Sunday following a rally Saturday in a defiance of a court ban.

Police spokesmen in Hamburg and Wackersdorf said that several policemen had been injured by firebombs, stones and ball-bearings.

The arrests Sunday brought the total for the weekend to well over 400 following running battles between the police and demonstrators Saturday at Wackersdorf and at a nuclear power plant due for startup later this year at Brokdorf, near Hamburg.

Almost 100 of the estimated 330 persons injured in the protests were policemen, the authorities said. The figures prompted calls from conservative politicians for tough action to curb the violent anti-nuclear protests that began in West Germany after the accident at the Soviet nuclear plant in Chernobyl in April.

■ **40,000 Protest at Brokdorf**

Demonstrators clashed with the police Saturday as thousands of people tried to lay siege to the nuclear power plant in Brokdorf. The New York Times reported.

In a confrontation lasting several hours, some demonstrators threw stones and tried to break through a steel gate leading into the plant compound. The police used water cannon and tear gas to disperse them.

Nine policemen and two demonstrators were hurt Saturday at Brokdorf, the authorities said.

The police estimated that 40,000 demonstrators had come to Brokdorf, where a reactor belonging to Preussen Electrica, West Germany's second largest power company, is due to go into operation in the fall.

The demonstration organizers had predicted that the protest would draw 160,000 people.

Gorbachev Meets Kadar In Budapest

The Associated Press

BUDAPEST — The Soviet leader, Mikhail S. Gorbachev, arrived Sunday in Budapest for talks with Hungarian officials and a look at Hungary's successful economic reform.

After the talks, Mr. Gorbachev will attend a two-day meeting of political leaders of the Warsaw Pact that opens in Budapest on Tuesday. Other members of the Soviet-led military alliance are Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and Romania.

Western diplomats said it was likely that the Warsaw Pact leaders would elaborate on a call made by Mr. Gorbachev in Berlin two months ago for the elimination of conventional forces in Europe from the Atlantic to the Urals.

Mr. Gorbachev was greeted at Feribegy Airport by Janos Kadar, the Hungarian leader. They were driven to a government residence for talks.

The Soviet leader said the two men would take up bilateral and international issues. "There is much that is in common to be discussed between the two nations," he said.

Mr. Gorbachev, making his first visit to Hungary since he became general secretary of the Soviet Communist Party in March 1985, is likely to focus on economic issues during his talks in Budapest.

Hungary's opening of industry to market forces and reduction of strict central planning could be of interest to Mr. Gorbachev in his attempts to make the Soviet economy more efficient.

Hungary's government newspaper, Magyar Hirlap, said the importance of the Gorbachev-Kadar meeting "is enhanced by the increasingly fast changes in the Soviet Union" under Mr. Gorbachev.

'Final Offer,' Murdoch Tells Union

LONDON (UPI) — Rupert Murdoch ruled out Saturday any further talks with unions representing dismissed print workers who rejected a £50 million ($70 million) compensation offer. "It was the final offer, make no mistake about that," Mr. Murdoch told his Sunday Times newspaper.

Hopes of an end to the 19-week dispute at The Times, The Sunday Times, The Sun and News of the World vanished Friday evening when the three print unions announced that their members had voted against the offer by Mr. Murdoch's News International.

Union members said the rejection signaled an escalation in the fight against News International, including picketing at the fortress-like computerized plant in the Wapping section of East London, where Mr. Murdoch moved his newspapers after the print workers' struck in January over job-cutting modernization.

NYT

Rupert Murdoch

Berlin Controls Are Said to Be Lifted

BERLIN (AP) — In an apparent retreat from Berlin boundary controls imposed May 26, East Germany has announced it will issue new identity cards to foreign diplomats in East Berlin and allow them to cross between East and West Berlin by displaying the cards rather than passports, Western diplomatic sources said.

The move was announced Saturday in a note to foreign embassies in East Berlin, Western diplomats there said. The East Germans had exempted diplomats from the United States, Britain and France from the passport controls shortly after they were announced. The Western allies had been concerned that compliance with the controls would enable East Germany to argue that the crossing points were recognized as an international border, strengthening the Communist bloc's contention that East Berlin is the capital of East Germany.

Specially issued identity cards, rather than passports, had been used previously by the East Germans to control diplomatic travel between East and West Berlin. The East German announcement said that new identity cards "secure against forgery" would be issued soon. Western diplomats said. East German officials had said the passport controls were imposed as a response to Western demands for help in combatting terrorism.

2d Ethiopian Relief Official Defects

UNITED NATIONS, New York (AP) — A high-ranking Ethiopian famine relief official has announced that he was resigning and would not return to Ethiopia.

Berhane Deressa, deputy commissioner of relief and rehabilitation, issued a statement at the United Nations on Friday saying that he could no longer serve the Marxist government of Lieutenant Colonel Mengistu Haile Mariam. Mr. Berhanu's superior, Dawit Wolde Giorgis, defected last fall.

Mr. Berhane said the government's main goal was "implanting a foreign ideology and an alien socio-political system." He said the relief commission's work had been harmed by interference "by incompetent party ideologues who have made a mockery of its humanitarian efforts." He asserted that death had become a "common occurrence" in Ethiopia, and that thousands were in detention.

Syria Reports Cordial Reagan Note

DAMASCUS (Reuters) — President Ronald Reagan has pledged "just and peaceful" relations with Syria in a rare exchange of messages with President Hafez al-Assad, the official Syrian news agency reported Sunday night.

It quoted Mr. Reagan as saying in a cable of congratulations marking Eid al-Fitr, the end of the Moslem fasting month of Ramadan: "This occasion reminds us all of the significance of dear values — values of justice and peace — and I declare that our relations will develop in that spirit."

According to the agency, Mr. Assad replied: "I share with you the hope that the values of justice and peace you mentioned will be the basis of development of our two countries' ties."

For the Record

A U.S. Army sergeant injured in the bombing of the La Belle discotheque on April 5 in West Berlin died Saturday, a U.S. military spokesman said. He was the third victim. *(AP)*

The Swedish Navy scaled back a search for foreign submarines in territorial waters off Stockholm on Sunday and reopened part of the area to civil traffic, a Defense Ministry spokesman said. *(Reuters)*

Russians Offer To Take Briton On Space Flight

The Associated Press

LONDON — The Soviet Union has offered to include Britons in a future space journey, a member of Parliament said Sunday.

Keith Warren, who went to the Soviet Union last month with a parliamentary delegation, said the offer was made by Major General Georgi T. Beregovoi, head of the Soviet space program.

Asked how seriously he thought the offer was meant, Mr. Warren replied: "Fifty-fifty. It was straight out of a warm Russian smile." He said the offer was passed to the British Foreign Office.

Britain has no space rockets of its own, but shares in the West European Ariane program, which so far is limited to putting satellites in orbit.

Head of Inquiry Into Ulster Deaths Is Removed on Unspecified Charges

By Joseph Lelyveld
New York Times Service

LONDON — A top British police commander has been rushed in to rescue a seemingly stalled and highly sensitive inquiry into police conduct in Northern Ireland. The action comes after the sudden and mysterious suspension from duty of the officer who had been in charge of the investigation for the last two years.

The inquiry involves persistent charges that members of the Royal Ulster Constabulary, the police force in Northern Ireland, had taken the law into their own hands over a period of several years.

They are reported to have ambushed suspected members of the Irish Republican Army on orders to "shoot to kill." Since 1982, there have been 35 shooting incidents that have aroused such suspicions.

The British authorities have always denied that any such tactics were officially condoned.

John Stalker, Manchester's deputy chief constable, was the man who was supposed to clear up the doubts. Under the authority of the Northern Ireland Office, the department of the British government that rules the province, he led a team of Manchester detectives in a 17-month investigation.

In September, Mr. Stalker turned over his report on three shooting incidents in 1982, in which six unarmed suspects were killed, to Sir John Hermon, Northern Ireland's chief constable.

The report was understood to have recommended the prosecution of senior officers. Sir John waited nearly five months and then turned the report over to the prosecutor. The prosecutor then asked that Mr. Stalker and his team be brought back to Northern Ireland to do further investigating.

Finally, action was taken against a police officer. But that police officer turned out to be the investigator, Mr. Stalker. He was suspended from duty without explanation by the Manchester Police Authority for what was said to be a serious disciplinary offense.

Mr. Stalker was not told the nature of the offense. Police spokesmen in Belfast and Manchester insisted it had nothing to do with his investigation of the Royal Ulster Constabulary, but they did not say what it did involve.

Officials of the Northern Ireland Office said they had no idea either, that they still respected Mr. Stalker and certainly were not interested in quashing his investigation.

The Royal Ulster Constabulary, after first stating that it was reviewing the status of Mr. Stalker's report, then announced that his investigative team was being kept intact and that the investigation would be completed under the direction of the chief constable of West Yorkshire, Colin Sampson.

On Friday, nearly a week after his suspension, Mr. Stalker cast aside orders not to speak to the press and said in a news conference in Manchester that he was "bewildered" and "totally innocent" of any offense.

He said: "Professionally I am hurt, because I know no reason why I should be taken off the Northern Ireland inquiry."

Shortly after the news conference, he was told he could meet the officer investigating the unstated allegations on Monday afternoon.

Israel Again Denies Its Spying Inside the U.S. Was Extensive

By William Claiborne
Washington Post Service

JERUSALEM — The Israeli government on Sunday labeled as "unfounded" suggestions by U.S. officials that the Israeli-run espionage operation involving Jonathan Jay Pollard was more extensive than U.S. investigators had been led to believe.

Saying that it was concerned about the assertions, the cabinet of Prime Minister Shimon Peres declared in a communiqué issued after its regular weekly meeting:

"Israel provided full cooperation regarding the Pollard case. The Israeli government is committed to a continuation of the cooperation, which is based on mutual trust between the two countries."

The government reiterated its assertion that the espionage "unit which exceeded its authority" had been dismantled and that no espionage activities were being conducted against the United States.

"In the spirit of the close relations between the two countries, the government of Israel is in close contact with the U.S. administration in order to clarify the issues which were raised lately," the cabinet said.

"The relations between the United States and Israel are very close and it is inconceivable that attempts to disrupt these relations will succeed," it said.

It was the second official statement the government has issued since Mr. Pollard pleaded guilty last week and the names of alleged Israeli co-conspirators were disclosed, along with details that suggested an extensive Israeli espionage operation in the United States. Mr. Pollard was charged with supplying classified reports about the military strength of the United States and other nations, including some of Israel's rivals.

Senior Justice Department and White House officials have said they do not believe the Israeli government had been fully cooperative in the investigation. William H. Webster, the director of the FBI, said Wednesday that Israel had given only "selective cooperation" in the investigation of Mr. Pollard.

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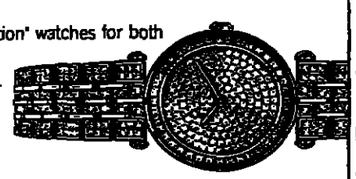

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AMERICAN TOPICS

Democrats May Seize On Issue of 'Safety'

Some Democrats say they may have found an issue with national appeal in "safety," and hope to convince the public that they care more than Republicans about nuclear safeguards, clean water, jetliner maintenance, air traffic, work conditions, bridge and highway repair and toxic waste disposal.

Steven V. Roberts reports in The New York Times: "The safety issue started to evolve when party advisers noticed that on public opinion surveys, voters said they wanted government protection from all the hazards connected with nuclear power, from the disposal of waste to the prevention of war.

"The concern was recently heightened," he wrote, "by the Soviet nuclear disaster and by the debate in the United States over where to locate a permanent nuclear waste dump."

Safety is a theme that "says different things to different people," said Christopher J. Matthews, a spokesman for the speaker of the House of Representatives, Thomas P. O'Neill Jr. of Massachusetts. "That's the job of a national political party, to identify local issues in a national way."

But Republicans say that emphasizing safety will have only a marginal impact. "It could help them with voters who live near a toxic waste dump or a nuclear power plant," said Trent Lott of Mississippi, the assistant minority leader in the House. "But it's got a limited appeal. It's a little esoteric."

With the shift in economic activity toward the South and West and new growth in older industrial centers, Los Angeles and Boston will enjoy the largest job expansion in the United States from now to the turn of the century, according to the National Planning Association. It projects 1,032,000 new jobs in the Los Angeles-Long Beach area and 754,700 in the greater Boston area.

Shorter Takes: The anti-alcohol campaign of Mikhail S. Gorbachev, the Soviet leader, was in evidence at a recent Soviet Embassy reception in Washington for the Kirov Ballet of Leningrad. No vodka was served, and the champagne ran out in less than an hour. ... Disneyland in Anaheim, California, on the other hand, which has banned alcohol since its opening 31 years ago, has dropped the prohibition — but only after dark at organized parties — in an effort to attract corporate gatherings.

Short Takes

After 17 months, Penny E. Harrington has resigned as the Portland, Oregon, chief of police. An investigative commission headed by Sidney I. Lezak, a former U.S. attorney, reported that her "defects of leadership" had "cost her the confidence" of her command. Mrs. Harrington, 44, a 22-year veteran of the force, in referring to the police union, said that never "has a chief of police been so closely scrutinized, second-guessed and subjected to constant onslaught from the union and the media."

NYT

Penny E. Harrington

Notes About People

The invitation to a fund-raising event for Representative Les Aspin, a Wisconsin Democrat, announces: "Aspin's Army of the Potomac Begins Its Eighth Campaign — Re-Enlist." In fact this is the ninth campaign for Mr. Aspin, chairman of the Armed Services Committee. His press secretary deftly explained, "When he first ran, he probably didn't have an army on the Potomac." Re-enlistment costs $50.

Norman Mailer, as president of the American chapter of PEN, the International Association of Poets, Playwrights, Editors, Essayists and Novelists, remarked at a PEN conference in January that few women were serving as panelists because "there are more men who are deeply interested in intellectual matters than women." The double entendre added insult to injury. Mr. Mailer has now welcomed a woman writer to succeed him: the novelist Hortense Calisher, PEN's first woman president since the poet Muriel Rukeyser was elected in 1975.

Representatives of other teams waxed indignant during the Amateur Free Agent Draft when a spokesman for Peter Ueberroth, the major league baseball commissioner, announced that a special selection had been granted to the New York Yankees and that they had picked G. Frederick Will, an infielder from Champaign, Illinois. It turned out to be an Ueberroth joke: the draftee was George F. Will, the syndicated columnist and baseball fan. It was unclear why Mr. Ueberroth had named the Yankees, since Mr. Will is reputed to be a fan of the Chicago Cubs. Mr. Will said, anyway: "I suppose he knew that it would be the highlight of my life. It's all downhill from here."

— Compiled by ARTHUR HIGBEE

Envoys Cool To Latest Offer From Contadora

By Tom Brown
Reuters

PANAMA CITY — The four-nation Contadora group has drawn up what it called a final version of a Central American peace plan but diplomats from the region said the revision appeared unlikely to resolve differences between Nicaragua and its neighbors.

The new plan was announced late Saturday at the end of a two-day negotiating session.

Foreign ministers from the nations comprising the Contadora group — Mexico, Colombia, Venezuela and Panama — attended the meeting.

They were joined by foreign ministers from the Contadora support group — Argentina, Brazil, Peru and Uruguay — as well as from the Central American nations of Nicaragua, El Salvador, Guatemala, Honduras and Costa Rica.

The Contadora group had urged the five Central American nations to sign a treaty by June 6.

In a letter to the Central American foreign ministers, the Contadora group had said that the latest draft of the treaty would be its last.

The new plan was billed as a major breakthrough by Contadora representatives.

They said it would bridge the gap between Nicaragua and its neighbors over such military issues as the Contadora group's call for regional arms controls, eventual arms reduction and a ban on international military maneuvers.

Several Central American officials, however, said Saturday that the plan appeared to contain essentially the same disputed proposals that the Contadora group made in a draft last November.

Foreign Minister Rodolfo Castillo Claramount of El Salvador said, "Several people who have seen it share the opinion that these gentlemen have not presented anything new."

Another Central American official, who requested anonymity said: "It's not a step backward, but it's as if Contadora jumped up in the air only to fall back on the same spot it took off from."

At earlier meetings, Nicaragua's four neighbors proposed that maximum limits on military strength should apply equally to each of the Central American countries.

Under the new proposal, military strength would depend on each nation's national security needs, size, population, geographic characteristics and military spending in relation to gross domestic product, sources said.

Nicaragua has said it was willing to negotiate controls on what it considered offensive weapons. It also has suggested that military clauses be left open to negotiation, even after the signing of a regional peace accord.

Nicaragua's neighbors maintain that arms controls should apply to all weapons and to troop strength and want the controls to be included in any agreement before it is signed.

Swiftly Addictive Crack Strikes High in U.S. Business

By Peter Kerr
New York Times Service

NEW YORK — The junior executive first heard of crack last January, from a colleague at work.

"I don't want to do anything crazy," the systems analyst, who works for a major corporation in lower Manhattan, recalled saying to his friend.

"It's not anything crazy," the friend replied. "It's just cocaine."

By March, the junior executive, who is 28, was smoking up to $300 a week of the potent, highly addictive form of cocaine. He had lost 20 pounds and his career was foundering.

The story, told by one of a growing number of people who have entered drug treatment programs for addiction to crack, illustrates an aspect of a crack epidemic in the New York area that has gone largely unnoticed, drug experts say.

The first data on crack addicts indicate that many are professional people with well-paid jobs, and that the majority are adults, not teen-agers.

According to drug-treatment specialists and users and dealers of the drug, many of the college-educated and professional people who are smoking crack have used cocaine and marijuana on occasion for years. And for years they dismissed the warnings about those drugs as exaggerated.

But as crack has spread through the city and suburbs in the last six months, they said, a growing number of casual drug users from the upper middle class are surprised to find themselves suffering a severe addiction to crack.

"There is a gross distortion about crack, that it is just a teen-age problem and that it is a problem of the poor," said Arnold Washton, director of research for the National Cocaine Hotline, at Fair Oaks Hospital in Summit, New Jersey.

"We are seeing business executives who have switched from cocaine powder to crack, and it hasn't turned out well for them," Mr. Washton added.

A study of about 500 callers to the hotline during the first half of May indicated that a third of the cocaine users said that crack was their drug of choice.

Of people who became addicted, 54 percent were between the ages of 20 and 29, and 33 percent were between 30 and 39. Fewer than 5 percent of the callers were adolescents.

'There is a gross distortion about crack, that it is just a teen-age problem and that it is a problem of the poor.'

— Arnold Washton, director of research for the National Cocaine Hotline

About 17 percent of teen-aged cocaine users who called said they were using crack. The study said 24 percent of the callers reported incomes of $25,000 or more.

Mr. Washton said the study provided only a preliminary outline of who was using crack, and was limited to those people who had reached out for help. It showed that many users still relied on the powdered form of cocaine. And he said further studies would probably indicate that teen-agers make up considerably more than 5 percent of crack users.

"We are seeing people with higher salaries coming for treatment," said Brian Hayward, director of the Nassau County Department of Drug and Alcohol Addiction, which offers treatment to users of crack and of cocaine hydrochloride, the powder form of cocaine.

Crack — concentrated cocaine in a pellet form that can be smoked — causes addiction among users much more quickly than regular cocaine, medical experts say. The quick high it induces, the depression afterward and the yearning for more of the drug are also far more extreme.

To the junior executive, the introduction to crack came from one of dozens of co-workers with whom he had casually used cocaine at the office and at outings after work. He had had a difficult day, he said, and he spotted his colleague smoking a pipe in his car in the company's underground parking lot. After a quick explanation by his friend, he took a puff.

"I figured, 'Blow is blow, what's the big deal?' " he said. "It felt a little like coke, but I felt up, really up. The next day I bought $50 worth."

By mid-February, he said, each morning he would watch the clock until lunchtime when he could go back to his car, where he kept his crack. It was becoming increasingly difficult for him to complete his assignments at work, he said, and on some nights he would not return home to his wife, choosing instead to stay out with other businessmen on all-night bouts of crack smoking and drinking at bars.

"At my company people are getting toasted all over the place," said a computer programmer at a large computer manufacturing company in Westchester. In an office of 12 people, he said, eight frequently took breaks in restrooms to smoke crack and snort cocaine. Before going into treatment, he said, he would sometimes spend as much as $300 a day on his crack and cocaine habit.

Bush Tells of Secret Drug-War Order

Washington Post Service

WASHINGTON — Vice President George Bush has disclosed that President Ronald Reagan signed a top-secret directive two months ago defining narcotics trafficking as a national security threat, and allowing stepped-up use of the armed forces to fight the traffic.

On Saturday, while in Houston to meet with law officials, Mr. Bush took the unusual step of disclosing the directive. His purpose, he said, was to make "every American understand a very real link between drugs and terrorism."

Mr. Bush renewed U.S. charges that the Sandinist government in Nicaragua used money from illegal drugs to finance international terrorism, and he accused President Fidel Castro of Cuba of harboring aircraft used in drug smuggling.

Last year, the Congress directed the U.S. armed forces to take an expanded role in the war against drugs. The president's agencywide directive "will officially authorize that use on a more formal basis and should increase it," according to Mr. Bush's press secretary, Marlin Fitzwater.

Until now, the coast guard has been the primary military service involved in the battle to intercept drugs. The other branches of the military have been mainly providing communications and surveillance equipment for law enforcement officials, Mr. Fitzwater said.

Mr. Bush said the administration was considering using military equipment such as airships — basically, blimps with radar — to detect aircraft over the U.S.-Mexican border.

The National Security Decision Directive linking drugs and terrorism was signed April 8.

Haiti Sets Presidential Election for '87

By William R. Long
Los Angeles Times Service

PORT-AU-PRINCE, Haiti — The military-led government, under the pressure of widespread political protests, has announced an electoral calendar that will culminate in presidential elections in November 1987.

Lieutenant General Henri Namphy, head of the ruling National Government Council, asked Haitians in a speech broadcast Saturday night to help him bring democracy to Haiti by remaining calm and trusting him.

"Keep your confidence in General Namphy and together we will save Haiti," he said. But he said he would not be a candidate for president.

Unrest in Haiti has cost the impoverished Caribbean nation 12,000 jobs since President Jean-Claude Duvalier was deposed in February, General Namphy said.

Although many politicians are in a hurry for elections, he cautioned that it would take time to build true democracy in a country where it rarely has worked.

"We want to prepare the country for a definitive government, but we want to prepare it well," he said.

General Namphy said the political process aimed at elections would begin this week with talks between the provisional government and political, professional, labor and other leaders.

He said a new advisory commission would be established, with its members drawn from all sectors of the population.

AP

Henri Namphy

"We want to give all these people direct access to the ones in charge of the country," he said. The provisional government has been criticized for failing to consult with nongovernment sectors on major national issues.

General Namphy made no concessions to the demands of protesters over the past week for the dismissal of several government officials.

The timetable for elections, signed by General Namphy, was read by the information minister, Herard Abraham.

It said that decrees regulating the press and political parties would be issued in July, and a constituent assembly would be elected in October to draft a new constitution.

The constituent assembly will vote on the new constitution in January, and voters will consider the document in a national referendum in February.

Local elections will be held in July 1987, and elections for a president and national legislature will be held four months later, according to the timetable.

The new president is take office on Feb. 7, 1988, it said, two years after the end of the Duvalier dictatorship.

Earlier Saturday, after five days of widespread anti-government protests, a group of political figures and civic activists demanded the formation of a new provisional government.

The group called on General Namphy to head the new government, but demanded that the three-member ruling council be dissolved. The group also said that a new cabinet should be formed with people chosen from the country's "democratic sectors."

In a statement, the group warned that it would call a general strike and peaceful protest marches on Tuesday in both Port-au-Prince and the provinces if its demands were rejected.

NICARAGUA: *Reagan to Assert Soviet Ships Arms*

(Continued from Page 1)

military equipment directly to Nicaragua.

The officials said the latest shipment, from the Soviet Black Sea port of Nikolayev, arrived in Nicaragua in early May. They would not identify the type of arms, but said this information might be divulged later this week, presumably by Mr. Reagan.

"The significance of this is that the Sandinistas want to wipe out the contras during 1986," said one senior White House official, "and they want to have all the equipment they need to be able to wipe them out."

"Because they are so determined to make a big push, they have decided to be less cautious, perhaps," he said.

The officials said that since the House rejected the latest aid request by a 222-210 vote in March, the Sandinists had increased internal repression, using a new tactic of charging political opponents of the government with criminal offenses.

The Nicaraguan government, the U.S. officials said, also had intensified efforts to confiscate private businesses, forcing thousands of small shops to close or come under state control in the past three months.

They also said that the Sandinists had carried out an unprovoked attack on Miskito Indian villages in March that forced about 11,000 villagers to flee into Honduras.

In other developments since March, the officials said foreign military advisers are taking on more support roles such as manning radar, conducting reconnaissance flights and flying helicopters. According to U.S. estimates, about 3,500 to 5,000 Cuban and 250 Russian advisers are in Nicaragua.

The officials asserted that since March the rebels had been able to nearly double their troop strength inside Nicaragua to about 10,000 to 12,000.

"It has been a good month for them," said one White House official. "They have decided to use what they have left to mount a major campaign. But the problem is that the supplies are already dwindling in certain categories, and without new aid there is no way they can continue such a campaign past sometime in July."

■ 8 Germans Remain Captive

A plan designed to free eight West Germans held by the rebels inside Nicaragua has foundered amid conflicting reports on who was to blame, Reuters reported from Managua.

Enrique Bermúdez, military chief of the Nicaragua Democratic Force rebel group told a Costa Rican radio station Saturday that Nicaragua is blocking the release, contending that Sandinist troops had attacked the site where it was to take place on Friday.

The Nicaraguan government, denying any attack, blamed the rebels for delaying the release, stating they had not followed instructions relayed to them through West German mediators.

The West German captives, four men and four women, were seized May 17 in Jacinto Baca, 150 miles (240 kilometers) southeast of Managua, while working as volunteers on construction products.

Government Foes in Belize Criticize Growing U.S. Role

Agence France-Presse

BELIZE CITY, Belize — Opposition politicians have complained that Belize's political independence is being threatened by the growth of U.S. influence.

Speakers at a meeting Saturday organized by the Society for the Promotion of Education and Research said U.S. involvement in Belize had increased substantially, mainly through an accord signed last year between the government of Belize and the U.S. Agency for International Development.

The governing United Democratic Party says the U.S. presence is good for the nation's economy.

Since 1983, the Agency for International Development has provided about $60 million to public and private sectors in loans and grants.

The programs are administered in Belize by 28 AID personnel. About 140 Peace Corps volunteers are working in areas such as education and agriculture as well as in the private sector, speakers at the meeting said.

The United States is also involved in training the Belize Defense Force and police, with members of the U.S. Army Special Forces training teams stationed in Belize.

A Voice of America relay station built in southern Belize is transmitting on to Central America.

During the past year, about 750,000 acres (300,000 hectares) of the country's total of 5.2 million acres have been sold to foreigners, most of them U.S. citizens.

Evangelist Wins Tax Break

Washington Post Service

WASHINGTON — The Baltimore field office of the Internal Revenue Service has granted tax-exempt status to the Freedom Council, the organization that Pat Robertson, a television evangelist, has been using to get Christian evangelicals involved in politics.

The ruling, made May 28, means that donors to the Freedom Council can deduct their contributions from their taxable income. The council played a critical role in recruiting Republican precinct delegates for the Aug. 5 Michigan primary election.

Mark Nuttle, who is the head of Mr. Robertson's Committee for Freedom, a political committee, and has worked closely with the Freedom Council, said "I knew we were going to get" tax-deductible status.

"We plan to continue the original purpose of the Freedom Council, which is to educate people on a broad range of issues and further the democratic process."

A Washington Post story quoted officials of the Freedom Council as saying that IRS approval of the request for tax deductible status was pending.

However, sources reported that another section of the IRS, the exempt organization division, has begun making inquiries with the Federal Election Commission, including the FEC's legal office, about the activities of politically active tax-exempt foundations, including the Freedom Council.

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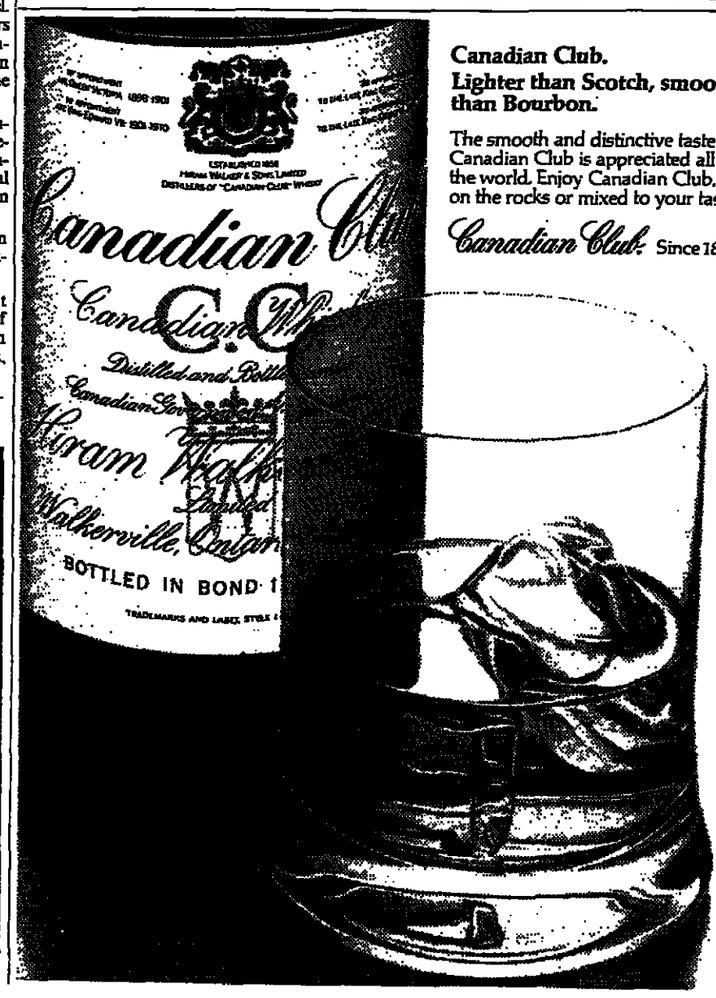

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EXPORT MANAGER		A large multinational company.
GENERAL MANAGER		U.S. Operation of a German Company (organic chemicals & consumer goods).
PORTFOLIO MANAGER	Good	Merrill Lynch
CONCEPTEURS COMMUNICANTS		Bull

If you haven't seen last week's **INTERNATIONAL POSITIONS** rubric, please ask for a free copy: Max Ferrero,
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Herald Tribune INTERNATIONAL
Published With The New York Times and The Washington Post

The Two Pollard Cases

The case of Jonathan Jay Pollard, the American intelligence analyst who has pleaded guilty to spying for Israel, was always two cases. The one in the courtroom is just about over, although Mr. Pollard and his wife — she pleaded to two lesser charges — are yet to be sentenced. The other case, involving the pattern of ties between Israel and the United States, will be working its way out for some time.

Mr. Pollard passed on secrets for more than a year, for money. He betrayed his trust. That he did so with a friendly country does not so much mitigate the act as move its major consequences from the military to the political sphere. He has diminished the mutual trust on which the friendship of the United States and Israel necessarily rests.

No single citizen is a principal custodian of this trust. The Israeli government is, and its conduct remains in the main troubling. Prime Minister Shimon Peres did apologize for this "unauthorized" operation, did cooperate in the investigation of it to the State Department's satisfaction and did reaffirm Israel's declared policy of no spying on its leading patron. Yet the root question remains: how Israelis could launch an operation whose finest imaginable gains in intelligence could not have come near to matching the losses in trust attendant upon discovery. How plausible are official denials of responsibility for an operation whose handlers, when unmasked, were promoted? Was this project connected to other shadowy international operations involving Israelis that have come to light in the last year? William Webster, head of the FBI, complains that Israeli cooperation in the Pollard case was "selective"; Justice Department sources say that Mr. Pollard, awaiting sentencing, is telling of other Israeli operations here.

More is going on than the predictable divergence between U.S. diplomats, who seem prepared to join Israel in lancing the Pollard boil, and law enforcement officials. A usually hidden side of U.S.-Israeli relations is in partial view. In strategic and intelligence matters, the two countries have deep common interests. Each, however, values first its freedom of movement. Israel's permanent condition as a nation at war with most of its neighbors, and as one that believes ultimately it can trust only itself, inclines it toward high-risk exertions to gain narrow additional increments of security. The United States, as a great power with a large and diverse presence in the Middle East, has permanent reason to ensure that it is not surprised by friend or foe.

In brief, Israel and the United States not only share and bargain information but also spy on each other. Most of the time the spying is done within certain bounds. In the Pollard case the bounds were broken, and it falls to Israel to find ways to show Americans that their confidence and generous patronage will not be further abused.

— THE WASHINGTON POST.

Hammering Canadians

President Reagan, who deplores protectionism, has now stirred up a good example of its destructiveness. Last month, at the urging of U.S. shingle makers and a few senators, he slapped a 35 percent tariff on cedar shingles from Canada — a nice favor for a little industry. Last week Canada slapped back, raising tariffs on U.S. computer parts, Christmas trees, cider, tea bags and several other items. If those industries now lay off workers as Canadian sales slump, they will know whom to blame. Competitive tea bag producers will pay to protect uncompetitive shingle producers.

The administration defends getting tough on problem imports like shingles so that Congress will not get even tougher across the board. How else in an election year to fend off the Democrats' appeals to workers threatened by foreign competition?

Narrow political calculation, however, is a poor excuse for blindsiding your biggest and friendliest trading partner. On the very day that Mr. Reagan was hammering Canada's shingles, the two governments were concluding their first negotiations toward a historic free trade agreement.

The shingle tariff is particularly galling because shingles accounted for only $185 million of the $69 billion in imports from Canada last year. The U.S. International Trade Commission ruled unanimously that the U.S. shingle industry was seriously injured, but was evenly split over the right remedy — a tariff or financial and training assistance to the injured American workers. Mr. Reagan made the wrong choice.

He faced pressure from timber state senators on the Senate Finance Committee — particularly Chairman Bob Packwood of Oregon, Steve Symms of Idaho and Max Baucus of Montana. They extracted a presidential promise of prompt attention to timber concerns as the price of agreeing to expedite Senate review of the free-trade pact, still to be completed.

The president's defense of the free trade initiative is admirable, but did it really require clobbering his partners in these important negotiations? The Canadians felt betrayed and are especially nervous because a much bigger damage claim now has been filed charging unfair subsidy of Canada's softwood lumber sales. The Commerce Department agreed Friday to investigate, even though it found the same charge invalid three years ago.

Canada is no slouch at protectionism. It, too, erects unwarranted barriers to imports, and does not have wholly free trade among its provinces. But Prime Minister Mulroney, heading the first full-term Conservative government in more than 20 years, is making improvements. He dismantled curb-oriented policies that Mr. Reagan encourages. His alienation is a high price to pay for protecting a small industry that happens to have a big voice in Washington. The tea bag workers would agree.

— THE NEW YORK TIMES.

A U.S. War on Smoking

The General Services Administration, the U.S. federal government's landlord and housekeeper, has proposed to escalate the war against smoking. New proposed regulations would sharply restrict smoking, starting next fall, in all but a few areas of the 6,800 buildings the GSA leases to the government — buildings that house about 2.8 million civil servants. Hallways, stairwells, bathrooms and general office space — but not private offices — would be off-limits to smoking unless an agency head decided otherwise. The regulations would not force workers who smoke to kick the habit or change jobs, not quite, but it would affect them more drastically than any regulations now in force across such a broad spectrum.

The regulations do not constitute a smoking ban and are not, GSA officials say, intended to pressure employees into quitting. Rather, they stem from concern over the health of nonsmoking colleagues, in the face of growing medical evidence of the health hazards of "sidestream" smoke from others' cigarettes. Still, an agency with power as sweeping as the GSA's in a matter such as this should proceed with caution. Two matters in particular need attention.

The GSA should write into the regulations, perhaps in negotiation with unions, guidelines to ensure that smokers have easy access to smoking lounges in every area, rather than leaving access up to the boss's discretion. And GSA should guarantee help or information about help programs for workers who want to quit — an obvious step whose omission over the course of several months' review is puzzling.

There remains a nagging condition bearing on equity. The regulations do not affect private offices — on the theory that, since the primary concern is to protect nonsmokers, those in private offices can befoul them without offending anybody. True though this may be, the effect again is that while the chain-smoking secretary must change the habit or leave, the chain-smoking boss a few feet away is spared that dilemma. Nobody can be especially happy with this.

It is possible to disapprove passionately of smoking and still to recognize that it is a powerful chemical addiction, the breaking of which involves enormous effort — and that no matter how strong the external pressure on a smoker to quit or cut down, the strength to do so must come from within. The work place — the federal work place in particular — is a tricky area in which to influence people's behavior. It is very well, indeed admirable, for employers to encourage health and discourage smoking, but failing to allow for people's weaknesses is no way to go about saving their lives.

— THE WASHINGTON POST.

Other Comment

New Hope for El Salvador

Efforts to negotiate an end to El Salvador's civil war have failed before, so one should not get too hopeful about the latest offer by President José Napoleón Duarte to talk with the leaders of the guerrilla factions. But there is reason to hope that the two sides may be more flexible now than when the last peace talks were held in 1984.

Salvadorans have become more concerned with inflation and high unemployment, and their discontent is reflected in strikes and criticism of Mr. Duarte by labor and peasant leaders who previously supported his Christian Democratic Party. For their part, the guerrillas are no closer to victory than in 1984, and if anything may be worse off against an army that is now more aggressive and better-equipped, thanks largely to U.S. training and aid.

But if negotiations are to succeed in El Salvador, both sides must be willing to make key concessions on the fundamental issue that divides them: power-sharing.

— The Los Angeles Times.

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Managing Dir. Asia: Malcolm Glenn, 50 Gloucester Road, Hong Kong. Tel. 5-861061 6. Telex: 61170
Managing Dir. U.K.: Robin MacKichan, 63 Long Acre, London WC2. Tel. 836-4802. Telex 263009
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OPINION

Reagan Is Sailing Allied Leaders Into Political Storms

By James Reston

WASHINGTON — In the next couple of years, by accidents of the political calendar, most of the allies will face elections that could change the course of world events.

This is likely to be a period of unusual stress. Ever since the last world war, it has been the principal objective of Soviet policy to divide Washington from its allies. So it will take some foresight and what's here called "damage control" to keep national politics from making foreign policy more divisive than it is now.

Even before the campaigns have got into their silly phase, there's more damage around the alliance than control. Some U.S. officials, for example, have been bashing Mexico over the drug trade and then apologizing for getting their facts wrong. President Reagan waged a good fight against protectionist trade legislation in the House, and then, forgetting it for political expediency, slapped a tariff on Canadian wood products without telling Prime Minister Brian Mulroney in advance. Result: another apology and Canadian retaliation with tariffs on U.S. computer parts, books, semiconductors and rail cars.

Meanwhile, Mr. Reagan's bomber diplomacy in Libya and his decision to go it alone on the second Strategic Arms Limitation Treaty arrangements have kicked up criticism from Capitol Hill to Europe and Japan. Add to this his controversies with Congress over more arms for Saudi Arabia and his troubles with his spies as well as Israel's, and you have to wonder what he means by saying the alliance has never been stronger.

It will have to be to weather the political storms ahead, for the issues and personalities may be quite different after the elections.

Mr. Reagan will not be a candidate in 1988, and nobody in Washington believes that the Republican Party, even if it retains control of the Senate in November's congressional elections, will be as strong without him.

Prime Minister Margaret Thatcher, whose support of Mr. Reagan's air raid on Libya didn't detract from her unemployment or education problems, is in trouble with a Labor opposition that is leading in the polls and wants to get rid of U.S. nuclear bases in Britain. It is not hard to imagine the howls that will go up in the Senate if the United States is asked to keep troops on British bases it cannot otherwise use without permission.

The president's other conservative buddy in Europe, Chancellor Helmut Kohl of West Germany, is finding that his support of Mr. Reagan may be a ticket to retirement. In France, President François Mitterrand and Prime Minister Jacques Chirac are finding that their experiment in political *cohabitation*, like other forms of cohabitation, may end in divorce.

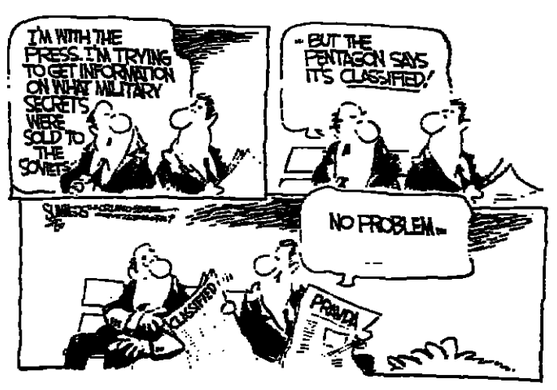
So the question is how to deal with all these tangles; the suggestion here is that everybody follow the French example, take the month of August off, and think things over; or just take it off and not think at all. The French will be diverted here on the Fourth of July to launch the Statue of Liberty into another century with a new torch, and to remind us of the meaning of liberty. My wife and I intend to observe these ceremonies and claim, unless later corrected, that alone in the multitude we produced two sons of whom one was born on July 4 and the other on the 14th, Bastille Day.

But around Labor Day, when the politicians are turned loose, there ought to be a way to keep them from weakening relations with our neighbors and allies. After all, the NATO alliance has avoided a third world war for two, going on three, generations, whereas only 20 years separated the first war from the second.

Besides, it may not yet be too late for Mr. Reagan and Mikhail Gorbachev to save one another from their illusions and prejudices. Having so far failed to do so, they remain trapped by arguments of the past, and probably cannot come to terms with the nuclear future.

But maybe some folks should get together and wonder about the coming elections, where blaming the foreigner is a popular game, in order to avoid further damage to the alliance once the shouting's over. There is no great crisis in the alliance now, but there is a feeling that members are in danger of forgetting the common danger and their common interests.

The New York Times.



Taking a Softheaded Stance on SALT

By Stephen S. Rosenfeld

WASHINGTON — President Reagan showed extraordinary confidence in his command of two political systems, the American and the Soviet, in declaring that the restraints of the SALT treaty would no longer bind his decisions on strategic offensive forces. He is taking extraordinary chances on both counts.

He is gambling that in formally letting go of SALT he will be able to keep Congress and the public behind the arms-building plans that, he insists, are essential not only to ensure American security but also to bring the Russians to new and improved arms control terms in Geneva.

Here he is toying with a central political truth stated by Richard Nixon: that it is hard to sustain popular support for defense spending if the public is not convinced the administration in power is working hard for peace. Either people get dispirited or the opposition starts fighting the administration's foreign policy by taking its defense requests hostage.

It was apparent already that in a Gramm-Rudman budget year, with defense management under heavy attack and with specific programs such as the president's Strategic Defense Initiative under especially heavy attack, Mr. Reagan was going to meet trouble on the defense side. This Congress, after all, has already locked up his program for testing anti-satellite weapons. It did not take great prescience to calculate that by ditching SALT he would tempt more budget trouble. But he has bought it on himself, rekindling some of the same alarms about his nuclear trustworthiness that flourished in his earlier White House years.

He has stirred further concern about his administration's internal balance. The growls of the far right that Mr. Reagan was going pragmatic have actually comforted the center and left. These elements could live with the far right, even while combating it, as long as it was supplying bargaining leverage to the more pragmatic figures in the administration but was not prevailing itself. This time, however, the far right did not simply apply pressure and dutifully lose. It won. Since so much can flow from this decision, prudent people have cause for concern.

My own concern centers on Secretary of State George Shultz, who, with Robert McFarlane gone as national security adviser, carries the full burden of representing reason in high policy councils; Mr. McFarlane's successor, Admiral John Poindexter, seems weightless. Mystifyingly, Mr. Shultz appointed to the key departmental posts persons unable to help him enough in the critical area of Soviet-American relations and strategic affairs, an area in which he was poorly prepared and in which he still does not speak with full command, to judge by his public remarks.

The practical effect of the deficit of pragmatism inside the administration is to strengthen the impulse of Congress and other outsiders to fill the gap. This is, of course, a formula for further politicizing a sensitive policy realm. It's a troublesome course, but it beats giving the administration's hard-liners a clear field.

And the Russians? The view comes naturally to the Reagan administration that communists are a generic breed — they're all alike. But it is possible to discern in and between the lines of the statements of Mikhail Gorbachev and his comrades an argument not unlike the one between the Reagan administration's leading figures, whose facade of general like-mindedness masks specific differences. Broadly speaking, Soviet hard-liners think it is illusory to seek a measure of renewed détente, especially with Ronald Reagan, and Soviet pragmatists, including Mr. Gorbachev, think it is necessary.

It is wrong to think of playing to the Soviet pragmatists by "rewarding" them: That way lie endless one-sided concessions. But if a deal is reasonable and in the U.S. interest, it should be pursued.

The margin in Moscow for dealing with Mr. Reagan has got to be greater than the margin in Washington for dealing with Mr. Gorbachev. Mr. Reagan trifles with it by pulling out of SALT. Mr. Reagan may think he is tightening the screws from a position of economic and technological strength. The Russians may think he is showing, wittingly or unwittingly, that he thinks he can push them to the wall. Mr. Reagan and his kind like to feel they're being tough and hardheaded. By acting as though they can have their way with the Russians without compromising, they're being romantic and softheaded.

The Washington Post.

The Israelis Must Punish, Not Reward, Their Rogues

By William Safire

WASHINGTON — Rafi Eitan is a hero, almost a legend, in Israel. He was the agent who tracked Adolf Eichmann to his South American hideout, and led the team that seized the war criminal and brought him to Israel for trial. When U.S. lawmen met a different Israeli official with the first name of Rafi and asked if he were Eitan, the man replied modestly, "I should be so lucky."

Aviem Sella also may be a hero. This Israeli Air Force general is believed by U.S. authorities to have led the surgical strike on the nuclear reactor in Baghdad. I cannot verify that belief, but, if true, General Sella would be directly responsible for saving millions of lives: Had the Iraqis been able to build a nuclear bomb, Teheran would be leveled and its inhabitants incinerated.

For the last couple of years, however, these two men appear to have been engaged in an activity that is bringing shame and dishonor on their country: hiring Americans to steal secrets from the nation Israel must depend upon for its survival.

Jonathan Jay Pollard, a civilian working for the U.S. Navy on anti-terrorism, is no hero: He and his wife confessed to espionage and implicated their Israeli contacts and controllers. The Pollards, and their spymasters in Israel, have done more damage to their respective countries than any terrorist could dream of doing.

In Washington, Israel's detractors are almost beside themselves with glee as the case unfolds and duplicity is exposed. Israel's friends — especially Jewish Americans, who have been doubly betrayed by an Israeli operation paying a Jew to be a traitor — are not merely dismayed but justifiably furious.

The questions left hanging are these: Who in Israel knew of this operation? Who should have known? And after its cover was blown and the U.S. spies were arrested, what did the Israeli government do to bring to justice all those who broke the U.S. law and acted against the best interests of Israel?

The line put out was that this was a "rogue operation," run by that resourceful fellow Rafi Eitan, a lone wolf with ties to the right-wingers. If true, rogues are well financed: The Pollards were paid $2,500 a month and flown to Europe and Israel for meetings. Then-Colonel Sella provided a sapphire and diamond ring, valued by the FBI at more than $6,000, for Pollard to give to his wife. The spies were promised a payoff amounting to more than $300,000 over 10 years. Some slush fund; does nobody in Jerusalem keep track?

Moreover, Israelis with diplomatic immunity in Washington were used as contacts. The "rogue operation" was able to employ the services of a scientific attaché and a female secretary, who photocopied the reams of documents produced by the Pollards. Colonel Sella, then studying for a doctorate in computer science at New York University, was the control, reporting to Mr. Eitan, murkily associated with the prime minister's office. The group produced stacks of material; did nobody in Mr. Peres' government ask how all this was obtained?

If the Pollards' confession is true, four Israelis are guilty of violating U.S. Criminal Code sections 641 (theft) and 794 (espionage). They should be prosecuted, here or there; if guilty of breaking laws, they belong in jail. The same goes for any Americans who hire Israelis to steal their government's secrets. We are allies; our democratic values are the same and our national interests are generally parallel; some mindless spooks lose sight of the huge difference that makes.

Instead, Mr. Eitan was given a plush job in industry; the air force officer, after the Pollards were caught, was promoted to general, given command of the U.S.-built Ramona base in the Negev, and is on the fast track to chief of staff. This will hardly deter future rogue spying.

Mr. Peres, on whose watch this breach of faith took place, talks of "cooperation" with U.S. investigators, which consists mainly of passively verifying facts unearthed by the Americans. He fails to see the damaging consequences of maintaining a pretense of deniability.

What should Israelis do? First, get mad: What kind of control does the government have over its spies? Did anyone in Jerusalem ask, "Is it worth it? If we get caught, will this cost Israel far more than we can ever hope to get from the U.S.?" More profoundly, is there no one in power who will say, when brought the fruits of such a poisonous tree, "Is this right?"

The New York Times.

Afterward, It Will Be Business as Usual

By Richard B. Strauss

WASHINGTON — "They found some more hands in the cookie jar," said an administration official in an offhand reaction to evidence revealed last week in the Pollard spy case by the Justice Department.

The case presented by Justice added little to the outrage U.S. officials already felt. "It was like finding out your wife had been cheating on you with two men, not just one," said a State Department insider. "We are only talking degree."

Some senior officials do not agree. Donald Gregg, national security adviser to Vice President George Bush, had earlier accused the Israelis of having done "things like this for years." In a letter to Kenneth Bialkin, chairman of the Conference of Presidents of Major American Jewish Organizations, Mr. Bush expressed the "hope that this will be the last case of its kind." Last week, similar sentiments were echoed in Washington.

But are these views credible? The vice president, after all, is widely known to be unhappy with the degree of trust the Reagan administration shows for its Israeli ally. And Mr. Gregg, a 30-year veteran of the CIA, shares with many of his former colleagues a deep suspicion about the intimacy of U.S.-Israeli relations.

Those with such suspicions often view such incidents as the Pollard case as proof of the extent to which Israel will ruthlessly pursue its interests. In fact, while Israel does constantly strive to gather information, the same can be said of other "friendly" governments. Moreover, the Israelis are very good at it. Operating in a supportive environment on Capitol Hill, with friends in the White House and the State Department, they assiduously gather information — much of it classified (but then, nearly anything of value is in Washington).

But do the Israelis violate the rules in gross fashion? Clearly, in the Pollard case, they did. Friends of Israel in Congress and the administration were outraged. "We expect this sort of thing from the Bulgarians or the Russians, but not our friends," said one administration official.

Barring the disclosure of dramatic new evidence, the Pollard case should not prove to be an insuperable barrier to normal relations between the United States and Israel. And for the Israelis, business as usual means billions of dollars in aid and unparalleled support from the Western superpower. For most Americans, it means ever closer ties to a feisty, if sometimes irresponsible, ally.

The writer is editor of the Middle East Policy Survey. He contributed this view to the Los Angeles Times.

Indonesia Must Take Lead in Economic Development

By Jusuf Wanandi

JAKARTA — It is not easy for developing countries, including Indonesia, to respond to the present global economic situation and to adjust to the changes taking place. The world demand for energy and for primary commodities, which constitute the main exports of developing countries, continues to decline. The comparative advantage these countries had in light manufacturing and products that relied on cheap labor is being eroded by the mass production technologies of the developed world.

What then should a country such as Indonesia do? Any solution must start with putting one's house in order. Such measures must be taken at least in parallel with the efforts of the Third World to restructure the world economy. It can be argued that the successful achievement of the latter depends very much on the seriousness with which the first is pursued.

At home, Indonesia's main task is to introduce new, pragmatic and flexible economic policies. This requires a change in outlook, not only by the country's planners but more so perhaps by the public at large. Concomitantly, institutional changes are called for: bureaucracies must reorient themselves and be constantly aware of the dangers of too much regulation and state control of the economy; managers of private corporations must face the challenges of competition without relying too much on government's protection.

All these efforts must be aimed at creating employment for the increasing number of people entering the labor market. This is the single most important challenge for Indonesia: To each year create jobs for a new work force the size of the population of New Zealand.

Recently, the government has introduced the so-called May 6 policy package aimed at stimulating non-oil exports and attracting foreign investment. Perhaps this is long overdue and may not be as effective as it would have been a few years back, when the world economy was in a better shape. Still, the courage shown by the government in gradually opening up the economy even under the worsening international environment must be appreciated.

A second task is that of strengthening social solidarity. This task becomes all the more necessary as the economy slows, a difficult situation that must be borne by all and not just the poor. Social solidarity can exist only when the rich refrain from demonstrating their wealth.

It is necessary to have an open exchange of views on economic policies and strategies — perhaps even a debate — conducted through the media or political forums. Rather than having a destabilizing effect, as commonly believed, a greater sense of public participation would help the government when it needs to make unpopular decisions. Indonesia has been studying economic choices for some time. Continuing uncertainties over world developments have not helped in deciding whether to move fully into an export-led industrialization and away from an inward-looking orientation, or in deciding how far to move into high technology.

In the international arena, the question is: how can Indonesia make the most of its relations with the industrial world. It, undoubtedly, is Indonesia's most important trading partner, the source of capital and of technology. But relations between the developing and the developed countries are undergoing change. This change, much in disfavor of the developing countries, results to a large extent from the economic difficulties they have been unable to resolve.

Protectionism continues to be prevalent. The flow of capital and technology has become more concentrated within the developed world itself. The developing countries' debt problem remains unresolved. But their main market for exports continues to be the developed countries. Last year, the United States alone absorbed more than 60 percent of the developing countries' total exports of manufactured goods.

There is the belief, therefore, that the industrial world's recovery will automatically result in an improvement of the developing economies. However, it appears that industrial countries — the United States in particular — will impose harder terms on access to their markets through the application of reciprocity and the imposition of the vague notion of "fair trade," as well as protecting their intellectual property. Gaining access to the Japanese market is almost a nightmare for most developing countries, and many arguments about cultural and other barriers have been aired to justify the behavior of Japanese consumers and retailers. Therefore, it is only logical that external pressures be put on the Japanese to open their markets.

It is here that a regional forum, such as the Association of Southeast Asian Nations, could play a role. But, for it to be effective, this regional grouping must be able to enhance its own intra-ASEAN economic cooperation, which currently is at a standstill. Indonesia must play a decisive role; it is the one country that can. This means that ASEAN cooperation must be taken into account in Indonesia's internal development strategy. The question posed to Indonesia is: how much use does it want to make of ASEAN, in particular, in restructuring of its economic relations with the developed world.

A regional forum such as this might may be a more productive venue than, or an alternative to, the global North-South dialogue. It is through such regional or subregional schemes that more concrete, pragmatic and flexible policies and programs can be designed and adopted. And, the sum total of such efforts would contribute to more constructive operations by the many multilateral forums — UNCTAD, GATT, IBRD, IMF and the like — that have been in existence for many years.

The writer is executive director of the Center for Strategic and International Studies in Jakarta. He contributed this comment to the International Herald Tribune.

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IN OUR PAGES, 75 AND 50 YEARS AGO

1911: New 14-Inch Guns

NEW YORK — There is no armor that will keep out a shell from the new 14-inch guns under construction by the United States for the new Dreadnoughts. The shells will go through a foot and a half of the best armor at a distance of 7,000 yards. All projectiles nowadays have a cavity in them filled with either powder or high explosive that is set off by a fuse at a certain time after firing, or when it strikes, so that the shell is broken into small pieces. The bits of shell are the "angels of destruction" to use on the enemy. In the battle of the Straits of Corea, one sailor was struck by more than 100 fragments of a single shell. In this battle five of the Russian ships were sunk, and eight were so damaged that they were either easy prey for Japanese torpedo boats or had to surrender.

1936: Paris Strikes Ease

PARIS — Work is expected to be resumed in the more important factories in and around Paris [on June 9] as a result of the agreement reached between the manufacturers' representatives and the trade union delegates. While only a few factories reopened [on June 8] the number of establishments in the Paris suburbs announcing that employers and employed had accepted each other's terms increased with almost the same rapidity as the "occupation" strikes last week. [The principal points of the strike settlement included: right of the workers to belong to trade unions; right of the trade unions to have delegates in the shops; agreement on the conditions of resumption of work in the factories; agreement on the 40-hour week; paid vacations; and collective contracts.]

OPINION

At Radio Martí's Prodding, The Cuban Monolith Cracks

By George F. Will

WASHINGTON — One cool morning recently, Jay Mallin was coolly telling a reporter that the radio station for which Mallin works as news director cannot be — heaven forfend! — "blamed" for successful escapes from Cuba.

Granted, Radio Martí's weather reports, broadcast from Washington and transmitted from Florida, are more detailed than reports broadcast by Cuban government radio. Martí's long-term forecasts and information on tides are closely listened to, especially by persons — often of military draft age — who are considering dangerous floats to freedom on inner-tube rafts.

Granted, also, such people are especially apt to listen to Martí, the U.S. government Spanish-language station now beginning its second year of broadcasting to Cuba. But Martí is prevented by its charter, as well as the wisdom of its administrators, from incitements.

Mr. Mallin allows no name-calling. Fidel Castro is referred to as the leader.

Mr. Mallin has had Mr. Castro on his mind for many years. Born in 1927 in New York into an American family with two generations of roots in Cuba, Mr. Mallin was working for Time magazine during the revolution. During Mr. Castro's victory march to Havana in January 1959, the lead car carried Mr. Castro, the second car his security people, the third car the Time-Life contingent.

Ernesto Betancourt, Martí's director, supported the revolution in the 1950s and represented Castro's movement in Washington in 1957-1958. He left Cuba in 1960, when Castro's anti-democratic intentions became clear.

Martí's impact is measured anecdotally, but by lots of anecdotes.

There are interviews with travelers from Cuba, surveys of emigrants — often arriving through third countries — and correspondence from Cuba to relatives in the United States. Mail to and from Cuba is measured in tons. Thirty thousand telephone calls are attempted daily from Miami and 6,000 get through.

Mr. Castro does not attempt maximum jamming of Martí, partly because of the cost. Cuba is a mendicant nation, selling its young men as soldiers in exchange for Soviet subsidies. Jamming is expensive. The Soviet Union spends about $490 million a year to jam U.S. non-English broadcasts to the Soviet Union. Such U.S. transmissions cost just $26 million. All Soviet jamming involves 15,000 technicians at 2,000 jamming stations, costing about $1 billion annually.

Aside from the cost, Mr. Castro's vanity causes him to avoid full-scale jamming, which would affirm Martí's appeal. Martí, with 80 correspondents, costs just $10 million annually, less than one advanced fighter plane. Martí is a magnificently cost-effective weapon.

Cubans are ravenous for news from Angola and Ethiopia, where 400,000 Cubans (half of them civilians) have served Soviet purposes. Mr. Castro's worship of Soviet technology caused a four-day stunned silence in the Cuban press after Chernobyl. Martí instantly broadcast not only the news, but a nuclear glossary, and interviews with exiled Cuban scientists about a nuclear plant Soviet technicians are building in Cuba.

Because Cuba is governed by "scientific socialism," there are, by definition, no crimes or other serious defects.

However, in the year that Martí has been broadcasting about developments in Cuba, Cuban programming has been giving more attention to crimes and to problems like AIDS — which, until recently, the Cuban authorities had said did not exist there.

From Martí, Cubans learned of the massacre of dozens of young people when planes and gunboats sank a pleasure boat sailing toward freedom. Martí told Cubans about the attempted kidnapping of a Cuban defector by Cuban Embassy officials in Madrid.

Martí has reported the shambles of Cuba's sugar production: Cuba is reduced to buying sugar in the world market. Then it sells that, for less than it paid for it, to East Bloc nations to pay for Soviet subsidies.

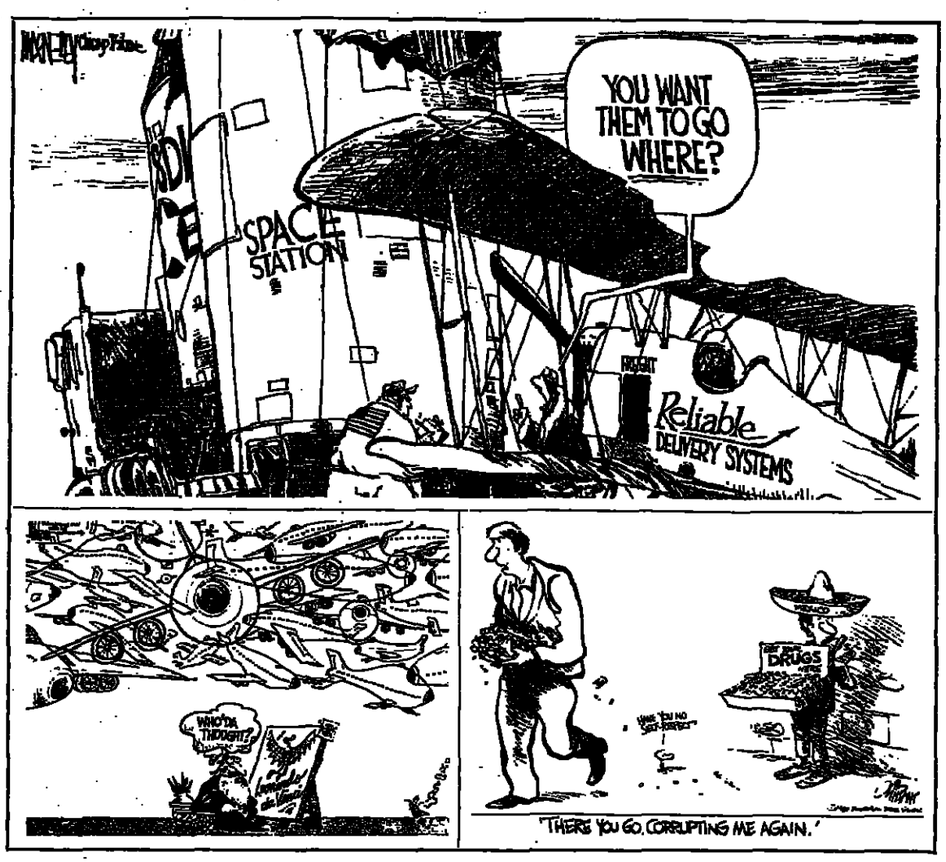
An especially popular program on Martí is "Family Bridge," on which Cubans and Americans call Martí toll-free and give personal messages that are beamed to Cuba. "Aunt Maria's operation went well, and José is engaged." But even more popular than the broadcast of jazz, "Top 40" rock 'n' roll and baseball is a soap opera about "Esmeralda."

She — Esmeralda, that is — is one reason Cuban broadcasting is improving. Totalitarian regimes politicize everything and extinguish the freedom not to think about politics. The growth of Martí's audience for its nonpolitical programming has forced Cuban broadcasting to lighten up. There is now more programming for the restless young, and more first-run movies in prime time.

This change is a reluctant concession to consumer sovereignty. Any acknowledgement, however small and surly, of the power and claims of popular desires subverts the central pillar of totalitarianism, the tenet that the masses should be utterly passive and plastic to the power of the state.

So the voices beamed from the studios in the building at the foot of Capitol Hill have produced in Cuba a small stirring, something like a crocus sprouting through a crack in concrete. And life, however frail, has a way of triumphing in time, even over stone.

Washington Post Writers Group.



The Day the Yam Spoke: An Old Yarn From Ghana

ONCE, long, long ago near the seashore in the West African country we now call Ghana, a farmer went into his garden to dig up a yam. As the farmer chopped his hoe into the ground, the yam said, "You never weeded me, you never took care of me, now you dig me up. Go away and leave me alone!"

The farmer looked around to see who

MEANWHILE

was talking, but there was only the dog. "Did you say something?" he asked. "No," said the dog. "It was the yam."

"Wow-ee!" said the farmer. "The yam talked, and then you talked!" He was so scared that he decided to beat the dog. Lots of times, when people are scared, they have to hit something.

The farmer took his knife and cut a stick from a tree. The stick said, "Put me down!" The farmer dropped the stick but when it fell on a rock, the rock said, "Take that thing off me!"

"Wow-ee!" said the farmer. And he ran off down the road to the village.

He met a fisherman carrying a big fish. "What's the rush?" said the fisherman. "Wow-ee! said the farmer. "The yam said, 'Leave me alone!' Then the dog said, 'It was the yam.' Then the stick said, 'Put me down!' Then the rock said, 'Take that thing off me!' "

"Is that all?" said the fish.

"Wow-ee!" said the farmer and the fisherman. They ran down the road together. They ran into a wood carver carrying a mask he had carved.

"Where are you going in such a rush?" the wood carver said. The farmer began: "The yam said, 'Leave me alone!' Then the dog said, 'It was the yam.' Then the stick said, 'Put me down!' Then the rock said, 'Take that thing off me!' "

The fisherman said, "The fish said, 'Is that all!' " The wood carver said, "The mask said, 'Yes it is.' "

The king heard them out, but at the end he was angry. "This is nothing but a wild story," he said. "Go back to your work before I punish you."

The men went away, and the chief said to himself, "What nonsense!"

"Yes," said his stool. "Who ever heard of a talking yam?!"

South-North News Service.

LETTERS TO THE EDITOR

Vidal, Safire and Israel

Regarding "Vidal's Injurious Equation: Friends of Israel = Traitors" (May 22) by William Safire:

One sad fact about Gore Vidal and Norman Podhoretz is that neither is assimilated. Mr. Vidal is not assimilated to the American tradition and legal code of freedom of opinion and expression. Nor is he assimilated to the Christian-Augustinian tradition of freedom of the individual — i.e., no collective guilt.

The Podhoretzes and Commentary magazine are not yet assimilated to the nuclear age — with its new imperatives for restraint of both word and deed; its imperative to degrade the status of the military impulses of mankind.

Mr. Vidal takes us back to the savage past of tribal warfare; the Podhoretzes would push us into a mindless future in which a spear is equated with a megaton nuclear weapon. God save us from the mentalities of both idiot camps.

JOSEPH LEWIN.
Geneva.

The type of vicious argument used by Gore Vidal is strangely reminiscent of the reasoning of fascist types throughout Jewish history, from the Spanish Inquisition to Nazi Germany — namely, "don't trust the Jew, he will never be a loyal citizen." I have never heard of a Jew using this type of argument — and to boot, a supposed "leftist."

Alfred Lilienthal's strange letter to the editor *("Of Judaism and Zionism," May 22)* added icing to this cocktail of misery. This gentleman, representing less than 1 percent of American Jewish thinking, applauds Pope John Paul II for not recognizing the state of Israel.

American Jewish opinion is, generally speaking, much more nuanced. American Jews are as loyal to America as are the Italian-Americans, the German-Americans, etc. The United States is the "wife" of a vast majority of U.S. Jews — to whom you owe love, respect and allegiance, and with whom you live. Israel is the "mother" to the vast majority — a "mother" whom you cherish, you aid emotionally and financially, but you don't live with her forever.

I firmly believe that American Jewry is leery of continuing to pour armaments into Israel and, of course, the rest of the Middle East, and that American Jews will be very receptive to a serious peace effort on the part of Israel.

CHARLES STARR.
Nice.

William Safire calls Israel a democracy but a theocracy seems nearer the mark. Should Israel define its borders not by international agreement but by consulting the Old Testament? Israel calls adjacent regions by Old Testament names, not by their modern names.

Therefore, the loyalty of U.S. citizens who are Jewish will be forever argued, to little avail. An American can be loyal to any religion, but cannot be loyal to a country other than America if he or she expects to continue being an American.

EDGAR S. SALLICH.
Brione, Switzerland.

The views of Alfred Lilienthal are wrong in one major respect. The bulk of diaspora Jewry is, regrettably, not Zionist. Supporting Israel with money and letters to Congressmen is not what Zionism is all about. Ninety percent of American Jews proclaim: "I am an American first, a Jew second (a *far* second ...)." Such an assertion is the antithesis of Zionism, which places Jewishness above any other loyalty or concern.

Living in Israel, though felt by most true Zionists as most consistent with their Zionist commitment, is not a sine qua non for being a Zionist. Zionism is a state of mind, a perception of one's self and of one's place in history. A Zionist is one imbued with a sense of Jewish history, identifying with its heroic triumphs as well as with its tragic setbacks, and concerned for the well-being of his fellow Jews, individually and collectively.

A Zionist is simply a committed Jew, whether theist or agnostic, a person with "a Jewish heart," committed to the survival of the Jewish *people*.

Mr. Lilienthal and his cronies know nothing of such things. They assuredly are not Zionists. Are they even Jews?

B. MARGALIT.
Heidelberg, West Germany.

U.S. Retirees in Europe

Thousands of Social Security recipients in Italy and in Western Europe are losing every month, because of the dollar's decline, up to 25 percent of what is due to them after spending a lifetime working in the United States.

Most Social Security recipients live in Western Europe not for pleasure but for serious family reasons. They suffer from the huge foreign-trade deficit and are among the neediest of all those hurt.

These U.S. retirees are very interested in whether anybody in the Department of Health and Human Services is aware of our plight. Are there remedies?

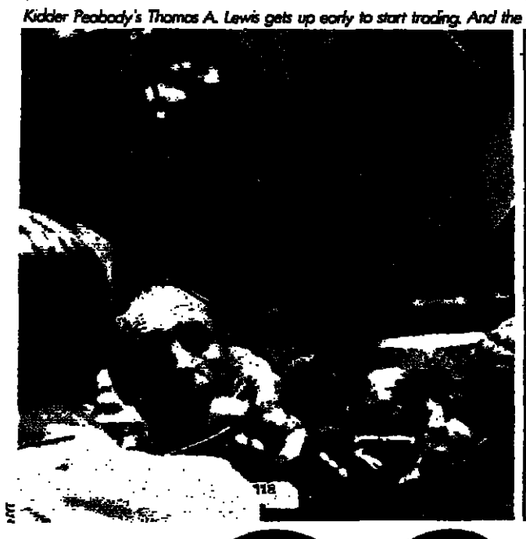
OTON AMBROZ.
Trieste, Italy.

Aid in Appropriate Places

The U.S. position at the UN General Assembly's special session on Africa's economic crisis, to the effect that the United States cannot increase its aid to Africa, should not be taken literally. Extraordinary appropriations can always be requested from Congress for military aid to Jonas Savimbi; and in case Zaire or even Morocco or Tunisia can somehow be persuaded to attack Libya or Ethiopia, military aid would be forthcoming, regardless of cost.

MOHAMMAD MALICK.
Dakar, Senegal.

Kidder Peabody's Thomas A. Lewis gets up early to start trading. And the IHT carries the results early.



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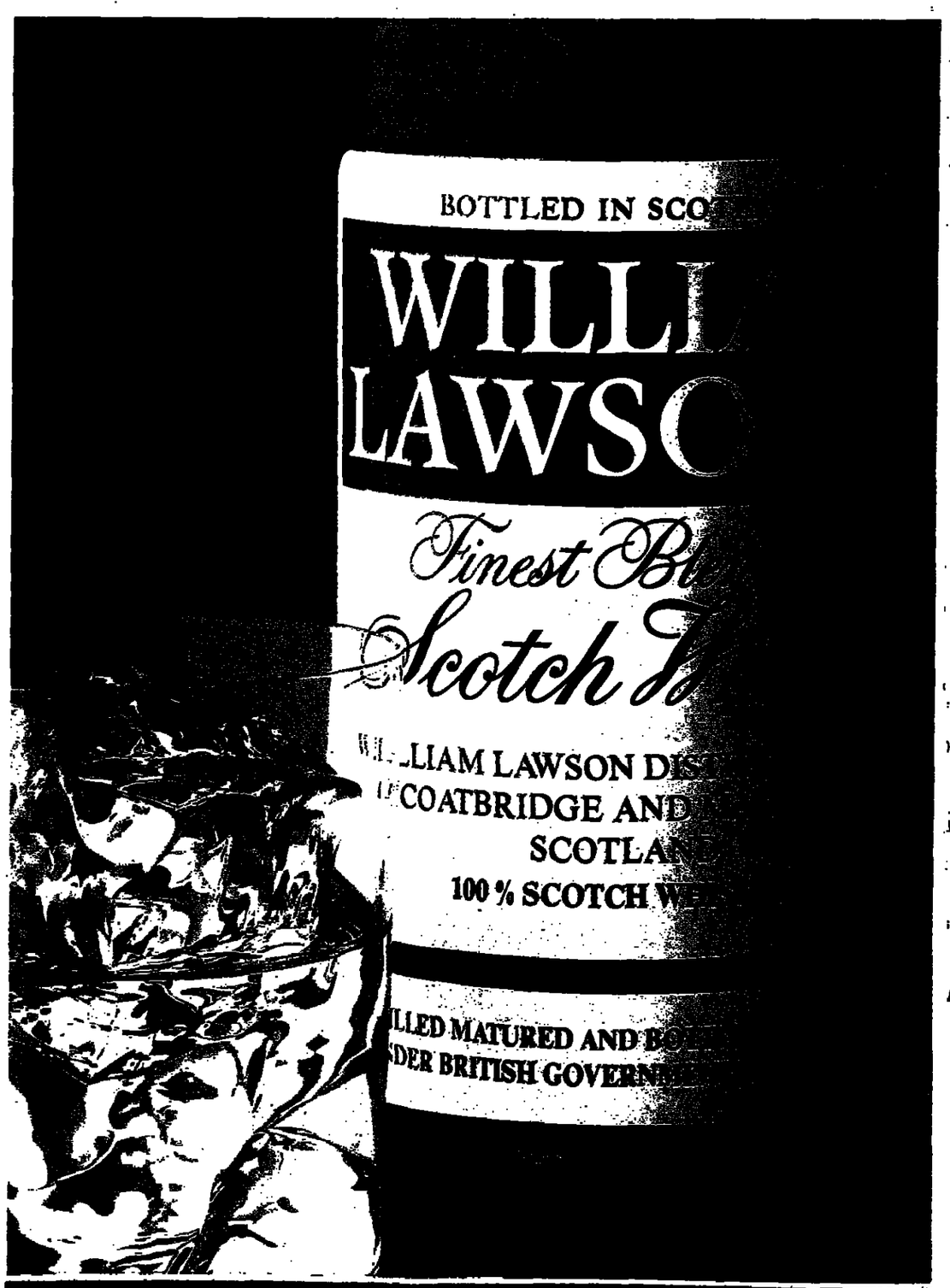

The measure of excellence

AUSTRIA: *Waldheim Wins, Despite Controversy*

(Continued from Page 1)

(Cnext election and I will then stay bufor four years."

nie While Mr. Steyrer distanced culhimself from the debate over Mr. exWaldheim's past, his posters beEacame nationalistic: "Austria wins !with Steyrer."

mc "It can and must not be a matter wilof indifference what foreign countwtries think about Austria," Mr. mcSteyrer, 66, said at his final news Kaconference. "Neutral Austria is a mtourist country, an exporting counCotry and an international meeting maplace. Austria needs world regard ed in the interests of its economy."

Eu He complained that discussion rec mc] uct stil the be val l sec as up Ko bei say cat du No par cre / Jap nes the Ka cor per los an car ver wa co per par co ma cos per an oth Mo ari V tair par alti Kai Sec

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of other issues was smothered by accusations against Mr. Waldheim.

Mr. Waldheim, 67, characterized the allegations about his war record as a smear campaign.

He has said that he did not refer to his service in the Balkans in earlier accounts of his life because it was not important and denied taking part in war crimes or knowing of Jewish deportations.

He met little opposition from the Austrian media or pressure groups over the allegations, but in recent weeks a small protest group emerged under the leadership of Beate Klarsfeld, a German-born Nazi hunter who lives in France.

Mrs. Klarsfeld said Sunday: "This will be the second time Austria welcomes a Nazi." She was referring to the warm welcome many Viennese gave to Hitler when he annexed the country in 1938.

■ Soviet Knew of Search

John Tagliabue of The New York Times reported earlier from Belgrade:

Soviet intelligence officers in Vienna were informed "in late 1947 or early 1948" that Mr. Waldheim was sought by Yugoslavia for involvement in war crimes, according to a former senior Yugoslav intelligence official.

The disclosure is significant because of speculation that the Soviet Union might have subjected Mr. Waldheim to political pressure or blackmail while he was foreign minister of Austria or secretary-general of the United Nations.

But the former official, Anton Kolendic, said Friday he did not know whether the Soviet officers had sought to use the information to put pressure on Mr. Waldheim or to enlist him in their service.

Mr. Kolendic was deputy chief of the Soviet Military Mission in Vienna while the city was under occupation after the war.

Mr. Kolendic, 72, said he had presented a list of "about 25 or 27" Austrians sought for war crimes, including Mr. Waldheim, to a Soviet Army officer.

He denied a Yugoslav newspaper report quoting him as saying the Russians would have sought to use the information to blackmail Mr. Waldheim.

MARCOS: *U.S. Court Order*

(Continued from Page 1)

the inventory until it had studied the judge's order.

Mr. Marcos and his party landed at Hickam Air Force Base in Honolulu with hundreds of pieces of jewelry initially appraised at $4.1 million. Sources now say its actual value is closer to $9 million.

The inventory also showed that the Marcos group brought Philippine currency worth about $1.27 million and certificates of deposit worth about $2.27 million.

Arturo Aruiza, an aide to Mr. Marcos, said Friday night that the deposed president was "very, very happy about the ruling." He said Mr. Marcos believed "that the decision embraces what he has been saying all along — that he believes in American justice."

Mr. Marcos is currently living in a Honolulu suburb.

■ Pro-Marcos Rally

About 20,000 Marcos supporters attended a four-hour rally Sunday at Manila's Rizal Park and demanded the resignation of President Corazon C. Aquino. The Associated Press reported from Manila.

Rally organizers played a taped telephone message from Mr. Marcos that called Mrs. Aquino a dictator and urged his followers to keep demonstrating.

The protesters burned an effigy of Mrs. Aquino amid shouts of "Marcos again!"

Thousands of demonstrators then marched toward the presidential palace. Several blocks from the palace, they forced their way through a barbed-wire barricade at the foot of a bridge but were blocked by more than 200 policemen. The police lobbed tear gas grenades and smoke bombs as the marchers pressed forward.

When demonstrators hurled tear gas, stones and bottles, the police turned on water cannon and fired shots in the air.

A pallbearer at a funeral at Crossroads weeps after South African police fired tear gas.

ANGOLA: *Moscow Warns Pretoria Over Port Attack*

(Continued from Page 1)

preted by South Africa as encouragement to continue its raids on neighboring black states.

(UPI, AFP)

■ 20 Killed in Violence

Police found two black men burned to death, and a third was shot and killed when he tried to escape arrest, raising the weekend death toll to at least 20, the authorities said Sunday, United Press International reported from Johannesburg.

The killings followed violence that claimed 17 lives since Friday evening.

Nine coal miners died and 113 were injured, 35 of them seriously, in a clash on the Hlobane mines about 210 miles (340 kilometers) southwest of Johannesburg.

In Johannesburg, the pro-government *Rapport Sunday* newspaper said that President Pieter W. Botha was considering a declaration of martial law that would go beyond the regional state of emergency that was in force for seven months until March.

The newspaper, usually a reliable indicator of government plans, said that Mr. Botha was considering a declaration of martial law or a nationwide state of emergency.

In Kempton Park, a white town east of Johannesburg, about 100 black youths burst into a clothing shop Saturday, then rampaged through the central area as white shoppers fled, witnesses reported, according to The Associated Press. One of the youths fired a revolver and others hurled gasoline bombs in the attack on the shop, the agency said. The store was burned, causing about $250,000 worth of damage.

Attacks on white facilities by blacks are rare in South Africa.

Meanwhile, the Lesotho government expelled 63 refugees from South Africa on Friday, including members of the African National Congress, members of the guerrilla group said in Maseru.

It was the second mass expulsion of South African refugees by the military government since it seized power in a January coup.

NUCLEAR: *East Bloc Seeks to Avoid Offending Soviet*

(Continued from Page 1)

plants, constructed with maximum safety for people and the environment."

In Poland, the health risks resulting from the radioactivity that blew over the country continues to be a topic of debate for experts. Using data from the atomic bombings of Hiroshima and Nagasaki, Polish scientists have calculated that 400 people in the country eventually may contract cancer as a result of the accident.

Doctors and government officials have confirmed that a number of pregnant women have had abortions since the disaster. Physicians at state-run hospitals in Warsaw said they had advised women that the radiation posed a risk for pregnancies that are now in the early stages.

Around the Eastern bloc, government authorities have focused more attention on the economic consequences of the accident.

In particular, officials in Romania, Poland, and Yugoslavia have warned that losses of export earnings because of a ban imposed by the European Community last month on Eastern European agricultural products may slow their payments on large debts.

Bankers in New York said last week that Romania already has postponed $300 million in debt payments due this year, citing the loss of agricultural export revenues.

Polish officials have estimated that the EC ban may have cost the country $50 million in May. Losses from a lingering reluctance to accept Polish goods may amount to hundreds of millions of dollars this year, they added.

If so, Poland may have difficulties meeting scheduled payments on its already unmanageable $30-billion debt.

According to a source, a Polish government economic commission was informed in mid-May that losses in agriculture amounted to 1 billion zlotys (about $6.25 million).

The demand for lettuce, radishes and other vegetables on the domestic market declined as much as 90 percent in the weeks after the accident, the commission was told.

EC: *Worry Over Strained U.S. Ties*

(Continued from Page 1)

isters had come out firmly in support of a proposed agreement on promoting East-West human contacts, which was blocked by the U.S. last month as not strong enough.

The Dutch official also said the EC still backed the Contadora group initiative to bring peace in Central America.

He did not elaborate but the diplomats said the ministers had decided to renew their appeal for self-restraint by all parties in the region, without specifically referring to the U.S. backing for rebels fighting the Sandinist government of Nicaragua.

The ministers also decided to try to press Washington to revive interest in finding a solution to the Arab-Israeli conflict, although they ruled out a new EC peace initiative in the area, the diplomats said.

Israel Hints at Change In Its Ties With Austria

By William Claiborne
Washington Post Service

JERUSALEM — The government reacted with "deep regret and disappointment" Sunday to the election of Kurt Waldheim as president of Austria and hinted that the level of diplomatic relations between Israel and Austria would be reconsidered.

Senior government officials termed the election of the former UN secretary-general a "nightmare" for Jews everywhere. Persistent reports have linked Mr. Waldheim to war crimes against Jews and partisan fighters in Greece and Yugoslavia during his service as a junior officer in the German Army during World II.

The spokesman for the Israeli Foreign Ministry, Avi Pazner, said, "Although Waldheim's election did not come as a surprise, we hoped until the last minute that common sense would prevail with the Austrian people, and that the election of a man with a past like Waldheim's to the presidency would be prevented."

Mr. Pazner said Prime Minister Shimon Peres and Foreign Minister Yitzhak Shamir would meet Monday to discuss what steps would be taken by Israel in response to Mr. Waldheim's victory.

Informed Israeli sources said that officials were considering downgrading Israel's diplomatic representation in Vienna by not replacing its ambassador there after his scheduled departure next month.

But other Israeli officials, noting the importance of Austria as a way station for Soviet Jews emigrating to Israel, advocated caution Sunday in reacting to the election results.

The speaker of the Knesset, or parliament, Shlomo Hillel, said Mr. Waldheim's victory demonstrated a "total lack of sensitivity on the part of Europeans toward the Holocaust, and also a total failure of the European educational system."

A spokesman for Yad Vashem, the Israeli Holocaust memorial, said the election "could pave the way for a revival of neo-Nazism in Europe."

■ U.S. Jews Are Angered

Jewish groups reacted with anger Sunday to Mr. Waldheim's victory, Reuters reported Sunday from New York.

The World Jewish Congress, which led an extensive investigation into his wartime activities, called him an "unrepentant Nazi."

The congress, an umbrella group representing Jewish communities in 70 countries, has been searching archives around the world since February to trace Mr. Waldheim's activities.

■ Soviet Defends Waldheim

Serge Schmemann of The New York Times reported from Moscow:

The Soviet Union harshly denounced Washington and "Zionist circles" Sunday for waging "a campaign of personal hostile attacks" against Mr. Waldheim.

The commentary, carried by the official news agency Tass, marked the first mention in the Soviet press of the allegations concerning Mr. Waldheim's wartime activities.

The commentary, which also offered a positive summary of Mr. Waldheim's record as the UN secretary-general, placed Moscow unambivalently behind the new Austrian president.

Tass described Mr. Waldheim as a "prominent political figure" who worked for peace during his tenure as chief officer of the United Nations and played an "active role" in resolutions approved "after Israel's aggression against Arab countries in 1967."

RAJAVI: *Iranian Departs*

(Continued from Page 1)

in the Gulf war as conditions for the release of the hostages.

According to French officials, progress has been made on an Iranian demand for the repayment of $1.5 billion in assets that were frozen by France after the Iranian revolution. However, France continues to be the major Western arms supplier to Iraq.

The police action Saturday still leaves several other leading Iranian exiles in France, including the shah's last prime minister, Shahpour Bakhtiar, and a former president, Abolhassan Bani-Sadr. Once close allies who escaped from Iran together, Mr. Rajavi and Mr. Bani-Sadr quarreled in April 1984 after the Mujahidin leader signed agreements with Iraq.

Criticizing his former ally, Mr. Bani-Sadr said Saturday that Mr. Rajavi was paying the price for his political dependence on "foreigners."

French officials recently have expressed optimism about a possible breakthrough in the hostage crisis following secret contacts between the kidnappers and the Syrian and Iranian governments. In a radio interview last week, the Syrian defense minister, Major General Mustafa Tlas, said that the release of the French citizens seized in Lebanon was just "a matter of time."

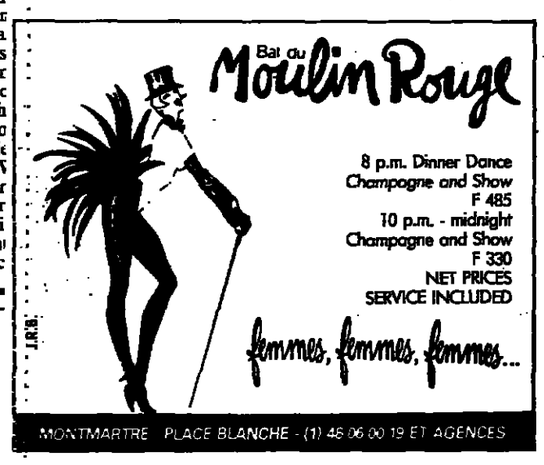
■ Rajavi Arrives in Iraq

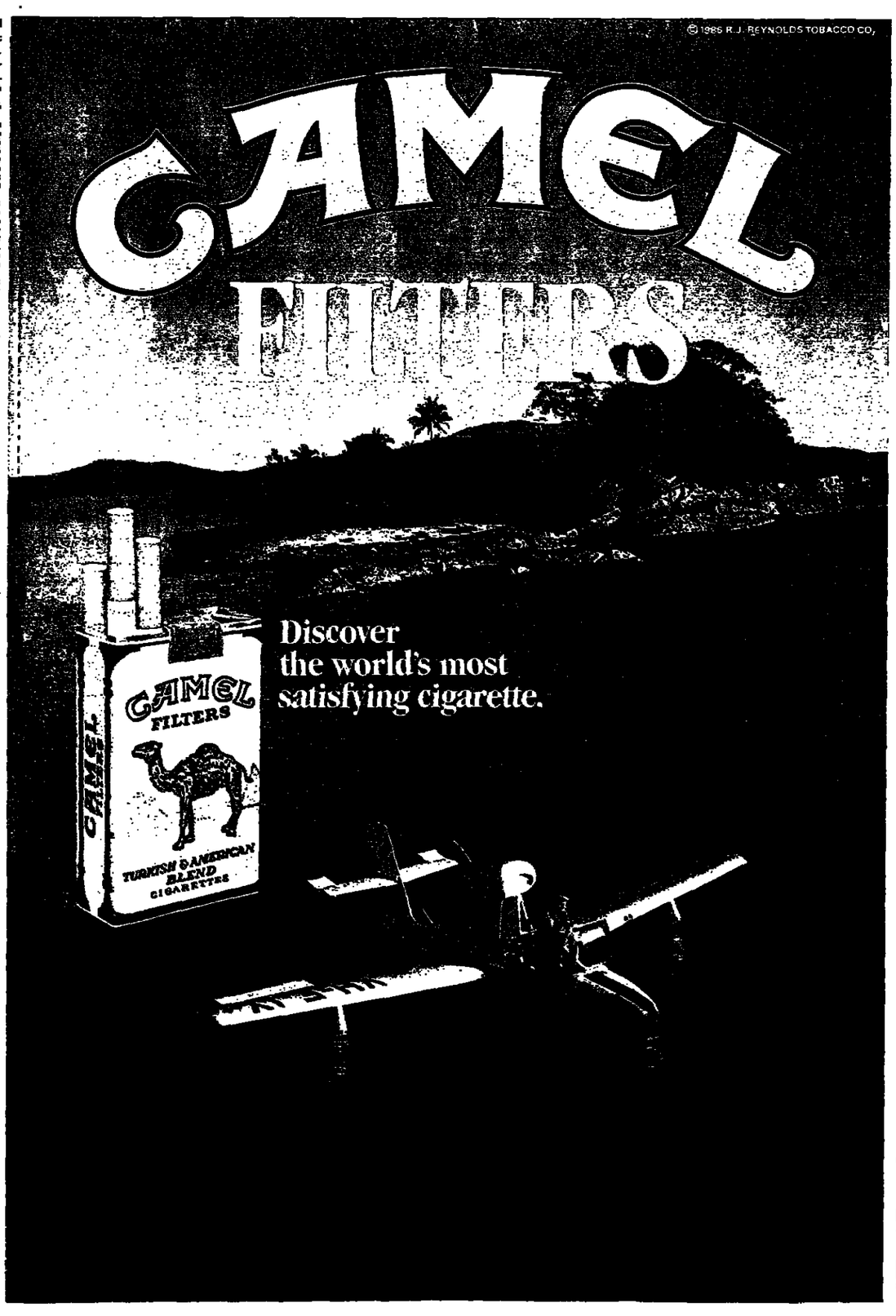
Iraq has trumpeted the arrival Saturday of Mr. Rajavi, Reuters reported Sunday from Baghdad.

Mr. Rajavi received a warm welcome when he landed in Baghdad in a private plane on Saturday.

Top Iraqi officials turned out to meet him and all Baghdad's Sunday newspapers carried photographs of Mr. Rajavi being greeted by First Deputy Prime Minister Taha Yassin Ramadan.

WORLDWIDE ENTERTAINMENT





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هكذا من الأصل

EUROBONDS

Caught in the Crossfire, Market Suffers Sharp Fall

By CARL GEWIRTZ
International Herald Tribune

PARIS — Eurobond prices dropped by 2 percent on average last week, one of the sharpest declines recorded, because of mounting uncertainty about the direction of interest levels and currency rates. Essentially, the market was caught in the crossfire of an international dispute over the management of economic policy, causing the monthlong erosion in bond prices to widen dramatically.

The policy dispute, a rerun of past encounters, pits the United States, struggling to deal with its massive current-account deficit, against Japan and West Germany, whose large current-account surpluses show no signs of abating.

Washington insists that the surplus countries reflate, consuming more of their own domestic production and sucking in more imports, while the surplus countries argue that a reduction in the U.S. budget deficit is the key to reducing its trade and current-account deficits.

The last time governments tried to deal with apportioning the burden of adjustment, the dispute was resolved by abolishing the system of fixed exchange rates and moving to a floating-rate system. Under this system, theoretically, movements in exchange rates would automatically bring a country's international accounts into balance.

Eurobond Yields
For Week Ended June 4

U.S.$ lg term, Int'l inst.	8.87 %
U.S.$ long term, Ind.	8.88 %
U.S.$ medium term, Ind.	8.89 %
Can.$ medium term	9.80 %
Aus.$ medium term	12.90 %
French Fr. short term	7.96 %
Sterling medium term	9.40 %
Yen medium term, Int'l inst.	5.94 %
Yen lg term, Int'l inst.	6.21 %
NZ$ short term	15.91 %
ECU short term	7.37 %
ECU medium term	7.93 %
ECU long term	7.95 %

Calculated by the Luxembourg Stock Exchange.

Market Turnover
For Week Ended June 6
(Millions of U.S. Dollars)

	Total	Dollar	Non-dollar Equivalent
Cedel	21,334.80	12,573.40	8,761.40
Euroclear	37,262.70	28,080.90	9,181.80

This time, Washington is threatening to use that flexibility to its fullest, promoting a further decline in the value of the dollar as a means to discourage imports, unless Japan and West Germany step up their consumption.

That threat, first aired at the International Monetary Fund's policy-making Interim Committee meeting in early April, was repeated a week later at the ministerial meeting of the Organization for Economic Cooperation and Development and reiterated by Treasury Secretary James A. Baker 3d at a meeting of international bankers in Boston last week.

Uncertainty about what such a move would mean for the dollar's value and ultimately the level of U.S. interest rates is roiling the market. A further sharp decline in the dollar's value is upsetting to the bond market because the dollar's slide since last year has been accompanied by a dramatic decrease in interest rates. What foreign investors lost on the currency value of their dollar holdings was offset by the substantial capital gains in securities values.

This time, however, the fear is that the dollar could fall out of control, ultimately necessitating a dramatic increase in interest rates in order to attract the foreign investment needed to finance the enormous budget deficit.

It is thought unlikely that the Japanese will reduce interest rates and savings deposit rates before the mid-July legislative elections. And with the Deutsche mark trading near its floor in the European Monetary System, the Germans are not able to cut rates unless the French act first, as the franc is near its ceiling.

A mid-June election in Lower Saxony, which could alter the balance of power in the upper house of the federal parliament, is seen as a further constraint on West German policy.

As a result, bond prices dropped sharply last week and new-issue activity in the fixed-coupon sector came to a near halt, with only four new deals launched.

Recent issues in all currency markets are trading at substantial discounts from offering levels and way below the commissions paid to underwriters, leaving them with big losses on the mountain of unsold paper they are holding.

By Friday, however, the big discounts began to attract investors. Yields on 7- and 10-year Eurodollar bonds were well over 9 percent and in the Deutsche mark sector well over 6 percent. Bankers described the demand as still only nibbling, but were hopeful that it meant a floor had been reached and investors were prepared to return to the market.

The biggest beneficiary of the uncertainty was the market for floating-notes, which recorded the heaviest new-issue calendar since the beginning of the year. FRNs, with coupons pegged to the three- or six-month interbank rate, provide the best protection against an upturn in interest rates.

The equity-linked market remained active, but in sharp contrast to recent weeks, the paper was not gobbled up.

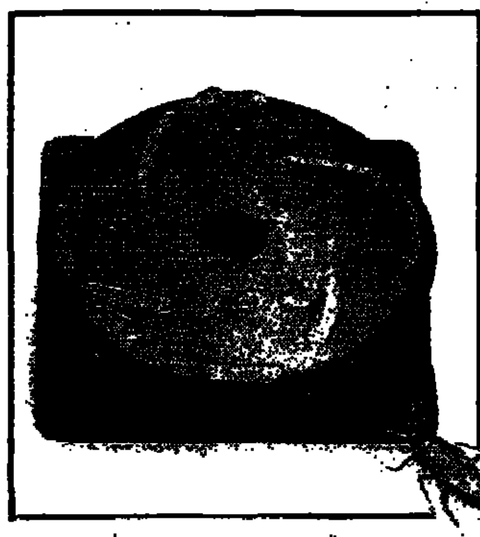
In past weeks, the first quote on equity-linked paper was a premium of 5 percent and the second quote a premium of 10 percent. Last week, it was almost the opposite.

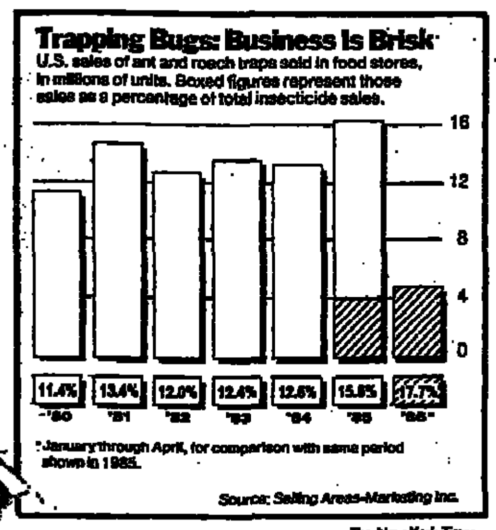
Especially hard hit were the Japanese issuers, who have been

See EUROBONDS, Page 9

Success Came Slowly for a Roach Killer

Development Took 9 Years And $5 Million





The New York Times

By Calvin Sims
New York Times Service

NEW YORK — Combat, a roach killer developed by American Cyanamid Co., is hailed today as a new-product success story, but success was scarcely immediate. Nor was it easy.

The battle began on a different front 10 years ago, in a search for a cure for malaria. Company researchers developed a new compound, but it did not work against malaria. While American Cyanamid was trying to find other uses for it, someone left a beaker of the compound in a lab overnight and, voilà, workers found dead cockroaches the next day.

Realizing the chemical's potential as a consumer product, the company undertook an elaborate development and marketing program that lasted nine years and cost more than $5 million.

The investment seems to have paid off. American Cyanamid not only has one of the most effective ant and cockroach insecticides on the U.S. market, according to an independent consumer sales concern, but it is also the fastest selling.

Last year Combat generated $20 million in sales, making it No. 4, behind Raid (S.C. Johnson), Black Flag (American Home Products) and D-Con (Sterling Drug), in the $550-million insecticide market. Combat is the leading seller of all ant and cockroach baits and traps.

Combat's remarkable success shows that the battle to win a niche in the marketplace is not the result of serendipity, but takes considerable effort in technology and marketing, according to Samuel C. Craig, a marketing professor at the New York University School of Business.

"The critical link here is that American Cyanamid perceived the consumer need, tailored the technology to meet that need, and then persuaded the consumer that the technology worked," he said.

Time and again new technologies have been stumbled upon, but most languish in the lab or die quickly in the marketplace, Mr. Craig said, for several reasons: They do not work; there is a superior product on the market; consumers do not try them, or there is no enduring need for them.

Joseph Salvani, who follows American Cyanamid for the brokerage firm of Steinhardt Partners, called Combat a major breakthrough in consumer pest control.

"Its market success speaks for itself," he said, "but even better, it really works."

When consumers discover a cockroach insecticide that works, they are not embarrassed to tell their friends and neighbors about it, Mr. Salvani said. He recalled that at a recent cocktail party, a Manhattan resident was telling a friend that his apartment had not had a cockroach in more than a year since using Combat.

The insecticide comes packaged in small black bait trays that are distributed throughout the home. Ants and cockroaches enter the tray, eat the bait and die within 48 hours. There is no mess, no odor, and no hazard to children or pets.

Combat is effective for up to three months, and the insects do not develop resistance to the bait, according to a study by the Department of Agriculture.

After the chemical's active ingredient, hydramethylnon, failed as a medical drug, it was tested by other American Cyanamid divisions. The agricultural group discovered that the compound was highly effective against chewing insects.

It disrupts the normal metabolic processes, inhibiting the cells' ability to transfer food into energy.

The agricultural group developed an insecticide for use against the small, reddish-brown

See ROACH, Page 9

Wall Street, Hit By Insider Cases, Reviews Security

By James Sterngold
New York Times Service

NEW YORK — Stung by two major insider trading cases in the last month, Wall Street has responded with a spate of security procedure reviews and memorandums to employees emphasizing the need to keep inside information confidential and reminding them of the penalties for breaking the securities laws.

Drexel Burnham Lambert Inc., where Dennis B. Levine, an investment banker who pleaded guilty on Thursday to insider trading charges, was most recently employed, said it had initiated internal reviews by a private investigation firm and an outside law firm.

Shearson Lehman Brothers Inc., where Mr. Levine worked previously, is holding an internal inquiry whose results could be turned over to the government if material is uncovered that might indicate breaches of the securities laws by other individuals, according to David Hershberg, the firm's general counsel.

And Lazard Frères & Co., a firm that was involved, as an investment banker, in a takeover bid in which Mr. Levine is charged with having obtained and traded on inside information, had its outside law firm conduct an internal investigation.

The resulting report, by Wachtell Lipton Rosen & Katz, was turned over to the Securities and Exchange Commission about 10 days ago. It found that none of those at the firm appeared to have leaked inside information, according to a company spokesman, but could not be sure of individuals who may have left Lazard since the takeovers.

The two insider trading cases, in which five individuals entered guilty pleas on Thursday, have clearly jangled nerves in the financial community. Many are wondering who might be implicated next.

"Everyone in New York is just absolutely paranoid about this thing now," said Raymond A. Mason, chief executive of Legg Mason Wood Walker Inc., a major regional brokerage in Baltimore.

George L. Ball, chief executive of Prudential-Bache Securities Inc., said, "Many people are bewildered or puzzled. They just haven't assimilated it yet."

All of those charged have been young. The oldest, Mr. Levine, is 33. That fact has also raised the broader question of the ethical standards of the aggressive new breed on Wall Street.

"Absolutely, things have changed as far as the young people coming to the street now," said Ralph D. DeNunzio, chief executive of Kidder, Peabody & Co.

"They all want to do things faster, more aggressively, in terms of compensation, and that is their measure of success. They get here from the business schools with all sorts of knowledge about financial instruments, but less of a sense of what's right and what's wrong."

But the most immediate concern is where the ax will fall next.

"With what we have heard now about these individuals cooperating with the authorities and providing more information, everyone is asking how deep it is, how far it will go," said Robert Rittereiser, president of E.F. Hutton Group.

As a sign of the nervousness in the industry, there were rumors Friday that dozens, if not hundreds, of subpoenas had just been sent out.

Sources at the SEC said that subpoenas were likely to be sent out eventually as the inquiry advances, but that none had gone out yet.

Taiwan Reports Widening of Trade Surplus

Reuters

TAIPEI — Taiwan's merchandise trade surplus, buoyed by rising exports to the United States and Japan, widened to $5.47 billion in the first five months of 1986 from $3.76 billion a year ago, according to the statistics department.

Exports from January through May totaled $14.66 billion, compared with $12.4 billion a year earlier, and imports $9.19 billion, compared with $8.64 billion, the department said Saturday.

An official attributed the widening in the surplus to a 20.5-percent increase in Taiwan's exports to Japan and a 20-percent rise to the United States.

The surplus in May was $1.21 billion, compared with $1.20 billion in April and $840 million in May 1985. Exports in May were $3.13 billion, against $2.64 billion in May 1985.

Bonn's Resistance to Rate Cuts Likely to Continue

By Kenneth N. Gilpin
New York Times Service

NEW YORK — West German monetary authorities, whose fear of inflation has long made them loath to cut interest rates, are likely to stick to that position until key interest rates in other European countries are cut first, analysts say.

That reality almost certainly is a disappointment to the Reagan administration, which had been pushing for another round of coordinated interest-rate reductions. And it may be the reason that the Federal Reserve Board chairman, Paul A. Volcker, said Thursday that he did not preclude a unilateral rate reduction by the Fed.

Over the past few months, foreign exchange traders and economists say, the Deutsche mark, long Europe's dominant currency, has come under unusual pressures against a number of major currencies, including the French franc, the British pound and the yen.

Those pressures, the consequence of large interest-rate differentials and a realignment of currencies within the European Monetary System, have had the effect of driving down the value of the mark in Europe, even though it remains very strong against the dollar. To prevent the mark from sliding further, short-term German interest rates are likely to stay at the current 4.6 percent.

Much of the pressure has occurred since the EMS realignment in April. The biggest adjustment was a 5.8-percent devaluation of the French franc against the mark.

The full weight of the devaluation has not been felt in France, because after the realignment, billions of marks have poured out of West Germany and into short-term French franc deposits that yield on average about three percentage points more than similar German instruments.

"The franc won't sit where they want it to sit," said David Buchen, head of foreign exchange at Bank of America in New York.

"It is right at the top of its parity against the mark, and has put the Germans in the unusual situation of having a mark that is too weak against other European currencies but too strong against the dollar," he said. "With that sort of schizophrenic exchange-rate situation, I don't think there is any reason" for Bonn to reduce interest rates.

British interest rates, currently about 10 percent, have also been attracting West German capital, putting downward pressure on the mark versus the pound.

And since the meeting of Group of Five finance officials last fall, "it has become clearly evident that the yen was going to be the easiest currency to appreciate," said Richard B. Dickson Jr., a foreign-exchange trader at Salomon Brothers.

A great many traders bought the yen against the mark. "In a sense, the mark has become the whipping boy of the yen, if only because it has become a logical cross-rate to play," Mr. Dickson said.

These developments have not been lost on West German monetary officials. During a recent visit to New York, they made it clear that short-term rates would not be cut further until French and British rates were reduced.

Poland to Miss Tuesday Debt Payment

By Carl Gewirtz
International Herald Tribune

PARIS — Poland, which has been warning since the beginning of the year that it would not be able to pay its debts on time, officially notified commercial banks last week that it will not pay the $230 million due Tuesday.

Government and bank officials are due to meet this week in London to discuss rescheduling the roughly $460 million in principal that Poland was to have paid this year. This year's second payment is due in November. The debt was rescheduled in 1981 and 1982.

Poland will pay interest on the debt, set at 1¾ points over the London interbank offered rate, or Libor.

The banks are offering to reschedule 95 percent of the amount due this year for four years. Requests for new money are "no longer in the cards," one bank executive said.

The Poles are expected to seek lower interest rates and more than four years to repay. Polish officials note that the latest reschedulings for Brazil have extended for 16 years at rates from ⅞ point to 1¼ points over Libor.

Bankers say they are "sympathetic" to those requests but not to one for new money.

Analysts expect that, because of the nuclear disaster at Chernobyl, all East-bloc countries will suffer short-falls in foreign-currency earnings this year needed to service their international debt. The radiation damaged crops, which cannot be sold abroad; as a result, food imports will have to increase. Romania, for example, already is late on debt payments and is due to discuss the situation with creditors in London this month.

But even before Chernobyl, the Organization for Economic Cooperation and Development had warned that the East-bloc debt situation would worsen this year.

Thus, bankers expressed considerable surprise at the news that National Westminster Bank PLC was organizing a $100-million loan to Czechoslovakia with interest charges at a new low.

Interest on the eight-year loan will start at ⅛ point over Libor for the first four years, then rise to ¼ point over Libor. The previous low, set by the Soviet Union and later matched by Hungary, was ¼ point over Libor for eight years.

The front-end fee, at 27½ basis points, or hundredths of a percentage point, is a bit more generous than the ¼ percent, or 25 basis points, paid by the Russians.

Czechoslovakia is a relatively light borrower, coming to the market only three times since 1981, and has one of the smallest debt burdens among East-bloc nations (only Bulgaria owes less to Western banks). Thus, everyone agrees that Czechoslovakian paper has a certain scarcity value in the market. But there is considerable dispute as to whether this merits lower rates.

INTERNATIONAL CREDIT

At the same time, Czechoslovakia has renegotiated to reduce the terms on two outstanding loans. Interest on the $78.57 million remaining on a $275-million loan taken out in 1980 has been cut from 75 to 35 basis points. That loan has one year left to run. Czechoslovakia will pay the same rate on a $250-million loan with three years left, down from 62½ basis points.

The other major point of discussion in the international credit market last week was the $600-million, 10-year transferrable revolving credit for Électricité de France. The government-owned utility has set a new low in borrowing charges for sovereign credits, paying a commitment fee of 4 basis points for the first three years and 5 basis points thereafter.

High-grade corporations such as Nestlé have paid less, but for much shorter maturities and for much smaller amounts. In the government sector, 5 basis points had been the low.

But when Spain arranged an eight-year facility last month at an annual cost of 5 basis points, it became clear that France would go for a lower rate. Although the reduction caused much grumbling, many bankers expressed relief that EDF did not try to establish a starting charge of 3¼ basis points, as many had feared.

EDF will pay a fee of 5 basis points over Libor for drawing up to 30 percent of the amount, 7½ basis points for drawing up to 60 percent, 10 basis points for up to 80 percent and 12½ basis points for more than that.

Bankers say the low terms probably will not deter banks from joining, because EDF is one of the largest international borrowers in France and a good bank client: It regularly taps the Eurobond market and reportedly is a big player in the swap market. Nevertheless, bankers noted with surprise the presence of Deutsche Bank among the four banks arranging the credit and surmised that EDF would soon be tapping the Euro commercial paper market.

EDF is the largest foreign issuer of commercial paper in the New York market, and bankers speculated that Deutsche Bank wanted to be in a position to be named as a dealer for any EuroCP that EDF might issue. (Deutsche, along with Morgan Guaranty, has been named to place $50 million of EuroCP for Mannesmann, the West German engineering company.)

Thomson-Brandt, the French electronics company, is expected to come to the market for a $300-million credit facility after EDF. Crédit Foncier is also expected to tap the market.

In Asia, a group of 15 banks gave the Korean Development Bank terms for a $500-million, eight-year loan. Interest would be ½ point over Libor for five years and ⅝ point thereafter. This would be the lowest rate since early 1982, before the Latin American debt crisis.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

	Last Wk.	Prev.Wk.	Ch'ge
United States			
DJ Indus.	1885.90	1876.71	+0.49 %
DJ Util.	187.76	189.62	−0.99 %
DJ Trans.	795.38	803.36	−1.00 %
S&P 100	235.69	236.05	−0.15 %
S&P 500	245.67	247.35	−0.68 %
NYSE Co.	140.98	142.06	−0.77 %
Britain			
FTSE 100	1611.60	1600.90	+0.67 %
FT 30	1333.50	1317.60	+1.21 %
Hong Kong			
Hang Seng	1747.10	1787.90	−2.24 %
Japan			
Nikkei 225	16817.90	16670.80	+0.88 %
West Germany			
Commerzbk	1937.50	1969.00	−1.60 %

Source: James Capel & Co. London.

Money Rates

	Last Wk.	Prev.Wk.
United States		
Discount rate	6½	6½
Federal funds rate	6¾	6⅝
Prime rate	8½	8½
Japan		
Discount	3½	3½
Call money	4½	4¼
60-day interbank	4⅝	4⅝
West Germany		
Lombard	5.50	5.50
Overnight	4.45	4.25
1-month interbank	4.55	4.45
Britain		
Bank base rate	10	10
Call money	10¼	10⅝
3-month interbank	9 5/16	9½

	Last Wk.	Prev.Wk.	Ch'ge
Dollar			
Bk Engl Index	116.80	118.70	−1.60 %
Gold			
London p.m. fix. $	341.65	343.20	−0.45 %

Currency Rates

Cross Rates *June 6*

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.5135	3.765	112.525 *	35.345 *	0.1647 *	—	5.512 *	134.50 *	149.39 y
Brussels(a)	45.475	66.585	20.4205	6.434	2.978 *	18.1495	—	24.789	27.1212 *
Frankfurt	2.2344	3.364	—	31.405 *	1.458 x	88.875 *	4.898 *	121.30 *	1.328 *
London (b)	1.5045	—	3.3515	10.6745	2,299.00	3.768	68.415	2.7648	252.00
Milan	1,532.75	2,306.00	685.92	215.34	—	608.78	33.599	831.72	9.115
New York(c)	—	0.6637 *	2.2188	7.0625	1,523.00	2.4975	45.285	1.8300	167.225
Paris	7.11	10.705	3.1842	—	4.644 x	2.83	15.596 *	3.86	4.2265 *
Tokyo	168.90	253.69	75.50	23.71	11.05 *	67.16	369.58 *	91.74	—
Zurich	1.837	2.7697	82.43 *	25.905 *	0.1203 *	73.27 *	4.0631 *	—	1.0982 *
1 ECU	0.9604	0.6299	2.1494	6.8443	1,474.57	2.4184	43.8931	1.7733	161.96
1 SDR	1.16434	0.77348	2.60138	8.27775	N.Q.	2.9363	53.0748	2.1442	196.64

Closings in London and Zurich, fixings in other European centers. New York rates at 4 P.M. (a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (*) Units of 100 (x) Units of 1,000 (y) Units of 10,000 N.Q.: not quoted; N.A.: not available.
(+) To buy one pound: $U.S.1.5045

Other Dollar Values

Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$
Argen. austral	0.83	Fin. markka	5.221	Mex. peso	530.00	Soviet ruble	0.717
Austral. $	1.4543	Greek drac.	139.25	Norw. krone	7.5925	Span. peseta	142.90
Austr. schil.	15.74	Hong Kong $	7.811	Phil. peso	19.50	Swed. krona	7.1775
Belg. fin. fr.	46.81	Indian rupee	12.71	Port. escudo	145.00	Taiwan $	38.12
Brazil cruz.	13.77	Indo. rupiah	1,130.00	Saudi riyal	3.7505	Thai baht	26.365
Canadian $	1.3928	Irish £	0.7383	Sing. $	2.2335	Turkish lira	684.30
Chinese yuan	3.2015	Israeli shek.	1.48	S. Afr. rand	2.4938	UAE dirham	3.673
Danish krone	8.338	Kuwaiti dinar	0.2948	S. Kor. won	890.00	Venez. boliv.	18.50
Egypt. pound	1.37	Malay. ringg.	2.6225				

† Sterling: [illegible] Irish £
Sources: Banque du Benelux (Brussels); Banca Commerciale Italiana (Milan); Banque de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); [illegible]. Other data from Reuters and AP.

JAPAN PACIFIC FUND
Société Anonyme d'Investissement
Luxembourg, 37, rue Notre-Dame
R.C. Luxembourg B 8.340

Avis de convocation

Messieurs les Actionnaires sont convoqués par le présent avis à l'Assemblée Générale Statutaire qui aura lieu le 18 juin 1986 à 15.30 heures dans les bureaux de la Kredietbank S.A. Luxembourgeoise, 43, boulevard Royal, Luxembourg, avec l'ordre du jour suivant:

Ordre du jour
1. Rapports du Conseil d'Administration et du Commissaire sur l'exercice clos le 31 mars 1986.
2. Approbation des comptes de l'exercice. Affectation des résultats. Dividende.
3. Décharge aux administrateurs et au commissaire.
4. Nomination de deux administrateurs.
5. Réélection d'administrateurs.
6. Nomination d'un commissaire.
7. Divers.

Le Conseil d'Administration

THE K.C.P. LTD.

INVITATION FOR BIDS (IFB)
PROCUREMENT NOTICE FOR PURCHASE OF STEEL RAW MATERIALS
(INTERNATIONAL COMPETITIVE BIDDING PROCEDURE)

1. The K.C.P. Limited have applied for a loan in various currencies from the World Bank through the Industrial Development Bank of India and The Industrial Credit and Investment Corporation of India Limited towards the cost of procurement of Steel Raw materials for the manufacture of machinery and equipment for the Modernisation Project of The Ramakrishna Cement Factory at Macherla, Guntur District, Andhra Pradesh, India and it is intended that part of the proceeds of the loan will be applied to eligible payments under the contracts for purchase of steel raw materials.
2. The K.C.P. Limited now invites sealed bids from eligible Bidders for the supply of steel raw materials namely tested MS plates 3.15 mm to 50 mm thick as per IS226, structural weldable quality plates (IS2062), B.Q. Plates (IS2002 grade 2A) – maximum thickness 65mm. All materials to Indian Standard specification or equivalent. Total quantities involved will be around 1000 tonnes. The exact specifications are detailed in the Tender documents. The bidders shall be either manufacturers or producers of the said goods or shall have authorisation from the goods manufacturers or producers to supply these goods in India.
3. The K.C.P. Limited prefers to procure all the steel raw materials requirements from a single source as far as possible and desires quality materials with test certificates.
4. Interested eligible Bidders may obtain further information from and inspect the Bidding documents at the office of The K.C.P. Limited, Ramakrishna Buildings, 183, Anna Salai, MADRAS-600 006, INDIA. CABLE: KECEPE, TELEX: 41-6801 AND 41-375.
5. The complete set of Bidding documents may be purchased by interested, eligible Bidders on submission of a written application to The K.C.P. Limited and upon payment of a non-refundable fee of US $ 100 (for foreign bidders) or Rs.1000/- (for Indian bidders) by a Bank Draft payable at Madras, favouring "THE K.C.P. LIMITED".
6. All Bids must be delivered to the above Office by 4 P.M. on or before 5th August 1986. All Bids must be valid for a period of 6 months from the date of submission of the Bid.
7. According to World Bank rules, a Bid preference of 15% will be given to domestic Bidders and Manufacturers.

Any further information in connection with this procurement notice may be addressed to The Chairman, THE K.C.P. LIMITED at the above address.

KCP
Tender Notices for all additional packages procured under ICB guidelines by the K.C.P. Ltd., will be advertised only in major Indian Newspapers and copies of tender notice will be delivered to the concerned foreign embassies in India.

Sista's – KCP.478.85

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01-623-1277.
Prices may vary according to market conditions and other factors.

RECENT ISSUES

June 5

Amt	Security	Mat	Str/Conv	Issue Price	Mid Price	Yield
dm 100	Bank Leu (lux) Sa W/w	'96 Jun	s	100	100	2.50
dm 200	Portugal	'94 Jun	s	100¼	98	6.96
dm 250	Lufthansa Intl Financ	'96 Jun	s	100	97	6.41
dm 250	Lufthansa Intl Financ	'96 Jun	s	120	93½	6.76
dm 100	African Develop Bank	'96 May	s	100	93¾	6.41
$ 120	Japan Highway Pub Co	'96 Jun	s	100½	97½	8.62
$ 150	Nat Westminster Bank	'91 Jun	s	100¼	95	8.77
dm 500	Daimler Benz Intl Fin	'91 May	s	100	98	5.96
$ 100	Soc Gen Surveilla W/w	'96 Jun	s	100	105¼	2.35
dm 200	General Motors Corp	'96 Jun	s	100	94	6.59
dm 150	Metallgesellschaf W/w	'96 Jun	s	100	98	2.98
$ 150	Sncf Nat Chemins Fer	'96 Jun	s	101¼	95	8.51
ecu 175	Credit Lyonnais	'92 Mar	s	100½	93¼	7.75
dm 250	Nord-Lb Finance	'91 Jun	s	100	92¼	6.84
l 100	Sweden	'96 May	s	100	99½	9.47
ecu 200	Sweden	'96 May	s	100	93¾	7.41
dm 300	Ireland	'96 May	s	99½	97½	6.96
$ 200	Ford Motor Credit Co	'89 May	s	100¼	97½	8.29
dm 750	Deutsche Bank Finance	'96 May	s	100	97¼	5.93
ecu 100	Banque Nationale Paris	'93 Jul	s	100½	99¼	7.26
ecu 100	Ireland	'96 May	s	100½	97½	7.87
$ 200	Petro-Canada	'96 Mar	s	100¼	98	8.80
$ 150	Manitoba Province	'96 May	s	100¼	93	8.57
$ 250	Electricite France	'06 May	s	101¼	90	8.97
$ 150	Jardine Math Pref/sh	2001	c	100	100½	
$ 150	Electrolux	'92 May	s	100½	93¼	8.97
$ 150	Belcwest Propert Inc	'93 Jun	s	100	97¼	9.20
$ 150	First Boston Inc	'96 May	s	99	91¼	9.04
$ 100	Heredwell Inc	'96 May	s	100¼	96	8.48
dm 300	Dow Chemical Co	'96 May	s	100	91¼	6.79

STRAIGHT BONDS
All Currencies Except DM

AUSTRALIA

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 125	Australia	8½	'86 Oct	100½	6.70		8.46
$ 100	Australia	11¼	'90 Oct	112¼	7.21		10.02
$ 60	Australia	8¾	'91 Oct	101¼	8.31	8.97	8.60
$ 200	Australia	11	'95 May	113	8.84		9.73
$ 100	Australia	11½	'95 Oct	116¼	8.86		9.87
$ 100	Australia	11¾	'98 Oct	120¼	8.85		9.67
$ 100	Australia	11¼	'00 May	117¼	9.56		9.98
$ 25	Alcan Australia	8½	'89 Apr	97½	9.52		8.72
$ 60	Alcoa Of Australia	10	'89 Jun	99½	10.19		10.05
$ 80	Alcoa Of Australia	11	'92 Jul	104¼	10.02		10.55
$ 75	Australian Ind Dev Co	11	'89 Feb	105¼	8.45		10.40
$ 35	Austraswiss	8	'87 Jul	100	7.98	7.86	8.00
$ 30	Broken Hill Pty	8¼	'89 Apr	97	9.49	10.10	8.51
$ 150	Broken Hill Pty	14¾	'89 Nov	106½	11.98		13.85
$ 160	Broken Hill Pty	12	'90 Jan	105	10.23		11.43
$ 20	Broken Hill Pty	10	'90 May	97	10.31	10.34	10.30
$ 150	Broken Hill Pty	10	'92 Dec	106	8.74		9.43
$ 40	Comalco Invest Europe	10¼	'91 Jul	99	10.50	10.60	10.35
$ 100	Commonwealth Bk Austr	12¾	'89 Nov	111	8.48		11.15
$ 100	Commonwealth Bk Austr	10	'93 Nov	106	8.84		9.43
$ 75	Csr Limited	16	'89 Jul	118	9.08		13.56
$ 36	K Mart Finance	9	'86 Oct	100	8.73	8.43	9.00
$ 100	Mount Isa Finance	13¾	'87 Jul	105¼	8.55		13.06
$ 100	Mount Isa Finance	11	'95 Dec	106	9.97		10.38
$ 50	National Austr Bank	11¼	'90 Apr	108¾	8.52		10.36
$ 140	Qantas Airways	10¼	'95 Jul	108¾	8.94		9.55
$ 47	Qantas Airways	8¼	'96 Mar	99	8.77		8.71
$ 100	Queensland	11½	'89 Dec	108	8.62		10.53
$ 100	Queensland	10¼	'95 Aug	107¼	9.02		9.55
$ 50	Rural Industries Bank	12	'91 Feb	110¾	9.89		10.85
$ 100	South Austr Gover Fin	8¼	'93 Mar	99	8.94		8.84
$ 100	State Bk New S Wales	11¼	'90 Jun	109	8.65		10.44
$ 100	State Bk South Austr	10½	'92 Feb	104¾	9.13		9.79
$ 100	State Bk South Austr	9¼	'93 Feb	100½	9.13		9.20
$ 102	State Elec Com Victor	10	'92 Nov	104¼	9.08		9.59
$ 30	Tnt Overseas Finance	9	'87 Aug	98½	10.33	11.22	9.14
$ 150	Treasury New S Wales	11¼	'98 May	109¾	8.73		10.72
$ 150	Victoria Public Autho	11¾	'92 Apr	110¼	9.18		10.50
$ 100	Victoria Public Autho	8¾	'96 Oct	96¼	8.91		8.69
$ 50	Western Mining Corp	9	'92 Oct	98	9.41	9.45	9.18
$ 100	Westpac Intl Finance	11	'90 May	107	8.82		10.28

AUSTRIA

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 150	Austria	15½	'88 Mar	112	7.96		13.84
$ 50	Austria	8¾	'90 Aug	100¾	8.51	8.50	8.68
$ 100	Austria	13¾	'92 Jul	122¾	8.67		11.11
$ 200	Austria	11¼	'95 Jan	114½	8.77		9.82
$ 102	Austria	9½	'96 Apr	104	8.85		9.13
$ 100	Austrian Control Bank	10¼	'90 Jun	107¾	8.44		9.99
$ 175	Austrian Control Bank	10	'91 Apr	106	8.44		9.43
$ 52	Austrian Control Bank	15¼	'92 Apr	127½	8.98		11.96
$ 50	Austrian Control Bank	12	'94 Dec	119	8.72		10.08
$ 50	Creditanstalt-Bankver	10¼	'88 Jun	103	9.04		10.44
$ 100	Creditanstalt-Ban X/w	14	'88 Jul	108½	9.42		12.90
$ 100	Creditanstalt-Bankver	11¼	'90 Jul	104¾	9.78		10.74
$ 75	Creditanstalt-Bankver	15½	'90 Jul	108	12.84		14.35
$ 100	Creditanstalt-Bankver	13¼	'91 May	115	9.21		11.41
$ 48	Donaukraftwerke Ag	11¾	'90 Feb	110	8.47		10.68
$ 50	Girоz Bank Sparkassen	15¼	'89 Sep	117½	8.65		12.94
$ 75	Giroz Bank Sparkassen	13¼	'91 May	116¾	8.97		11.36
$ 75	Postsparkasse	12¼	'89 Apr	109¾	8.32		11.17
$ 30	Tauernautobahn Ag	8¼	'87 Mar	99½	8.86	8.86	8.29
$ 30	Trans Austria Gasline	7½	'88 Jun	98	8.83	9.34	7.65
$ 47	Vienna City	12½	'92 Oct	114	9.23		10.75
$ 50	Zentralsparka-Kommerz	11¼	'90 Feb	108	8.72		10.53

BELGIUM

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 250	Belgium	8½	'91 Mar	100	8.48		8.50
$ 300	Belgium	7¾	'91 Apr	97	8.52		7.99

FINLAND

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 75	Finland	15¼	'87 Apr	106	7.39		14.39
$ 100	Finland	11½	'88 Jan	105½	7.71		10.90
$ 100	Finland	8½	'91 Jan	100¾	8.28		8.44
$ 100	Finland	8¾	'91 Feb	100¾	8.41		8.56
$ 50	Finland	8¼	'92 Oct	99	8.94	9.08	8.84
$ 75	Finland	12½	'94 Nov	120	8.76		10.21
$ 50	Enso-Gutzeit	11½	'90 Mar	105½	9.70		10.91
$ 50	Finnish Export Credit	14¾	'86 Dec	103¼	7.49		14.29
$ 75	Finnish Export Credit	12¾	'87 Nov	106¾	7.33		11.94

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 100	Finnish Export Cr X/w	12¾	'89 Nov	111¼	8.44		11.41
$ 20	Ind Mitge Bank Finland	8	'87 Dec	99½	8.30	8.43	8.04

FRANCE

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 20	Banque Franc Com Ext	9	'87 Mar	101	6.66	6.83	8.91
$ 100	Banque Indosuez	15	'89 Nov	115	8.97		13.04
$ 60	Banque Indosuez	15¼	'89 Aug	116	9.22		13.15
$ 100	Banque Indosuez	11¾	'92 Sep	113½	8.92		10.35
$ 100	Banque Nationale Paris	9½	'90 Dec	102¼	8.90		9.29
$ 125	Banque Nationale Paris	8¾	'93 Apr	99¼	8.84		8.71
$ 100	Caisse Centr Coop Eco	15¾	'92 Jun	135¼	8.25		11.74
$ 75	Caisse Centr Coop Eco	12¾	'95 Sep	115¾	9.79	9.47	10.94
$ 100	Caisse Franc Matieres	12.35	'96 Nov	104½	11.62		11.86
$ 50	Caisse Nat Autoroutes	9¼	'91 Sep	101½	8.86	8.59	9.11
$ 85	Caisse Nat Autoroutes	12¼	'95 May	106	11.42		12.02
$ 75	Caisse Nat Autoroutes	15¼	'96 Jun	115	12.54		13.26
$ 75	Caisse Nat Autoroutes	15½	'97 Aug	119½	12.50	11.38	13.31
$ 125	Caisse Nat Cred Agric	11¼	'90 Jan	108¼	8.48		10.39
$ 125	Caisse Nat Cred Agric	10	'90 Oct	105	8.55		9.52
$ 100	Caisse Nat Cred Agric	13¼	'91 May	117¾	8.80		11.29
$ 125	Caisse Nat Cred Agric	11½	'92 Apr	111¼	8.82		10.29
$ 125	Caisse Nat Cred Agric	7½	'96 May	93	8.57		8.06
$ 125	Caisse Nat Energie	11¼	'95 Feb	117¾	8.75		9.99
$ 100	Caisse Nat Telecomm	13¾	'91 Jun	120	8.63		11.46
$ 75	Caisse Nat Telecomm	9	'93 May	100½	8.10		8.96
$ 100	Cie Fin De Paribas	13¼	'89 Sep	107¼	10.89		12.88
$ 100	Credit Commerc France	7¾	'90 May	96	9.00		8.07
$ 100	Credit Foncier Petit M	7¾	'96 May	93¾	8.73		8.28
$ 200	Credit Foncier Fr X/w	10¾	'91 May	109¾	8.48		9.94
$ 200	Credit Foncier France	12½	'92 Jul	116¾	8.84		10.71
$ 200	Credit Lyonnais	9	'91 Feb	101¼	8.61		8.88
$ 100	Credit National	8½	'86 Dec	100½	7.36	7.35	8.46
$ 150	Credit National	9¼	'93 Feb	101½	8.80		9.11
$ 50	Electricite France	8½	'87 Jun	100	8.50		8.50
$ 125	Electricite France	10	'88 Jul	100¾	9.70		9.95
$ 100	Electricite Franc X/w	14¼	'89 Apr	114¼	8.35		12.53
$ 100	Electricite France	11¼	'93 May	112	8.73		9.93
$ 225	Electricite France	10	'95 Jul	105¾	9.10		9.49
$ 100	Electricite France	10¾	'95 Dec	109½	9.42		9.81
$ 250	Electricite France	7⅞	'06 May	90	8.97		8.75
$ 150	Elf Aquitaine	12	'90 Nov	111¼	8.81		10.79
$ 175	Gaz De France	12¼	'93 May	114¾	9.24		10.46
$ 50	Michelin	7½	'88 Feb	98	8.78	8.81	7.65
$ 125	Michelin	10	'94 Aug	101	9.80	9.76	9.90
$ 60	Michelin O/s	9¼	'88 Sep	101	8.77	8.54	9.16
$ 40	Port Authorities	9	'91 Nov	99	9.22	9.40	9.09
$ 75	Sncf Nat Chemins Fer	13	'91 Feb	104¼	11.59	11.11	12.41
$ 100	Sncf Nat Chemins Fer	11½	'93 May	113½	8.71		10.11
$ 150	Sncf Nat Chemins Fer	7¾	'96 Jun	95	8.51		8.16

GERMANY

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 150	Basf Finance Europe	9½	'89 Feb	102½	8.75		9.43
$ 225	Basf Finance Europe	3	'01 Apr	98	3.17		3.06
$ 165	Basf Overseas X/w	11	'88 Mar	104¾	7.92		10.50
$ 150	Bayer Intl Financ X/w	10½	'87 Jun	102½	7.87		10.24
$ 200	Bayer Intl Financ X/w	7¼	'89 Feb	99½	7.44		7.29
$ 75	Bayerische Vereinsbk	13¼	'89 Oct	112	8.95		11.83
$ 50	Bmw O/s Enterprises	10¾	'91 May	106	9.05		10.02
$ 100	Commerzbank Finance	13¼	'89 Oct	106	10.85		12.38
$ 100	Commerzbank Finance	7⅞	'90 Jan	98½	8.79		8.65
$ 100	Commerzbank Finance	11	'91 Mar	109	8.62		10.09
$ 100	Commerzbank Intl X/w	7	'83 Jun	97¼	8.27		7.16
$ 50	Degussa Intl Fin X/w	8¼	'93 May	100½	8.15		8.21
$ 100	Deutsche Bank Finance	11¾	'87 Oct	104	8.40		11.18
$ 300	Deutsche Bank Finance	14¼	'89 Aug	115	8.66		12.39
$ 200	Deutsche Bank Finance	13½	'89 Sep	113¼	8.61		11.92
$ 150	Deutsche Bank Finance	9¼	'96 Mar	101½	9.02		9.12
$ 100	Deutsche Bank Lux X/w	6½	'91 May	93½	7.88		6.68
$ 110	Deutsche Siedlungs Bk	7½	'96 Apr	94	8.41		7.98
$ 100	Dresdner Finance	11	'90 Apr	106	9.07		10.38
$ 100	Dresdner Finance	10½	'92 Oct	107	8.99		9.81
$ 125	Hoechst Finance X/w	6¾	'89 Jul	96	8.27		7.03
$ 85	Hoechst Finance X/w	8	'93 Feb	99½	8.09		8.04
$ 250	Siemens Western X/w	7¼	'90 Mar	99¼	7.81		7.77
$ 78	Veba Intl Finance X/w	8	'93 Dec	99	8.17		8.08
$ 150	Volkswagen Overseas	7¼	'87 May	99	8.88		7.83
$ 100	Westlb Finance	11½	'90 Dec	111	8.79		10.70

ICELAND

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 20	Iceland	9	'87 Feb	100	8.83	8.88	9.00
$ 50	Iceland	12¾	'92 Dec	105	11.58	11.15	12.14

IRELAND

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 150	Ireland	9½	'96 Mar	102	9.05		9.19

ITALY

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 50	Consorzio Di Credito	7½	'90 Jan	99	7.81	8.03	7.58
$ 50	Eni Ente Naz Idrocar	7	'88 Jan	99	7.64	7.81	7.07

MEXICO

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 40	Mexico	8½	'87 Mar	96½	13.39	13.29	8.81
$ 30	Mexico	8¾	'91 Dec	85	12.65	13.56	10.29
$ 175	Mexico	18½	'97 Jul	105	17.42		17.62
$ 75	Comision Fed Electric	13	'87 Nov	98	14.49		13.27
$ 75	Pemex Petroleos Mexic	17½	'86 Nov	100½	15.33		17.41
$ 125	Pemex Petroleos Mexic	11½	'88 Jul	95	14.42	14.89	12.11

MISCELLANEOUS

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 75	Develop Bk Singapore	15½	'89 Aug	103½	14.80		14.98

NEW ZEALAND

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 100	New Zealand	8¼	'86 Dec	100½	7.03		8.21
$ 150	New Zealand	8¼	'93 Apr	96¼	9.00		8.57
$ 200	New Zealand	10¼	'95 Jul	104¾	9.44		9.79
$ 150	New Zealand	10½	'00 Jul	106¾	9.65		9.87
$ 50	Bank Of New Zealand	11¾	'93 Mar	109	9.49		10.44
$ 100	Fletcher Chall Financ	9¼	'93 Mar	100½	9.02		9.42

SOUTH AFRICA

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 25	South Africa	7¾	'87 Dec	96	10.65	10.88	8.07
$ 50	Anglo American Corp	7¼	'87 Mar	98	10.24	10.34	7.45
$ 75	Escom Electr Supply	11½	'88 Jun	103	9.77		11.17
$ 75	Escom Electr Supply	12¼	'91 Feb	102	11.43		12.01
$ 100	Escom Electr Supply	11¼	'91 Jun	99	11.76		11.62

SPAIN

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 100	Spain	15¼	'87 Apr	106	7.85		14.86
$ 20	Autopistas	7	'87 Jul	99½	7.48	7.81	7.04
$ 30	Ini Institut Nac Indu	8	'87 Oct	99¾	8.15	8.27	8.02

SUPRANATIONAL

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 15	Petronor	8½	'86 Dec	100	8.35	8.34	8.50
$ 15	Petronor	7¼	'88 Jan	99	8.75	9.25	7.37
$ 75	Asian Develop Bank	8¾	'86 Aug	100	8.33		8.43
$ 100	Asian Develop Bank	11½	'93 Nov	112½	8.51		10.04
$ 75	Council Of Europe	11	'98 May	108	8.51		10.19
$ 150	Council Of Europe	9⅝	'96 Feb	102¾	8.99		9.16
$ 50	Ecs Euro Coal & Steel	14¼	'87 Mar	102¾	7.56		14.00
$ 50	Ecs Euro Coal & Steel	8¼	'89 Oct	99½	8.42	8.44	8.29
$ 75	Ecs Euro Coal & Steel	11½	'90 Aug	117¾	8.43		10.64
$ 150	Ecs Euro Coal & Steel	9¼	'91 Jul	101	8.99	8.86	9.16
$ 25	Ecs Euro Coal & Steel	9	'93 Apr	100	8.99	8.99	9.00
$ 50	Ecs Euro Coal & Steel	9	'95 Jun	100	9.02	8.98	9.00
$ 100	Ecs Euro Coal & Steel	9⅝	'96 Jan	102½	9.30	8.94	9.12
$ 100	Ecs Euro Coal & Steel	8¾	'97 Oct	100	8.74	8.74	8.75
$ 25	Ecs Euro Coal & Steel	9¼	'98 Apr	100	9.24	9.24	9.25
$ 50	Ecs Euro Coal & Steel	9	'99 Jan	99	9.12	9.15	9.09
$ 350	Eec Europ Econom Com	11	'87 Jul	103	8.24		10.68
$ 100	Eec Europ Econom Com	9¾	'90 Jul	104¼	8.36		9.33
$ 150	Eec Europ Econom Com	8¾	'91 Feb	101	8.54		8.54
$ 45	Eec Europ Econom Com	14¼	'93 Apr	106½	13.23	12.51	13.85
$ 100	Eec Europ Econom Com	12	'93 Oct	116¾	8.80		10.29
$ 50	Eec Europ Econom Com	12	'93 Dec	115	9.13		10.43
$ 200	Eec Europ Econom Com	11½	'95 Jan	109¾	9.75	8.51	10.48
$ 75	Eec Europ Econom Com	10¼	'95 Mar	103	9.85	9.91	13.44
$ 75	Eec Europ Econom Com	11	'95 May	103	10.46	10.19	10.68
$ 70	Eec Europ Econom Com	11	'95 Aug	104½	10.21	7.72	10.52
$ 100	Eec Europ Econom Com	9¼	'96 Feb	103¾	8.55		8.87
$ 50	Eib Europ Invest Bank	8¼	'87 Apr	100¼	7.87		8.23
$ 100	Eib Europ Invest Bank	9¾	'87 Jul	100¾	9.46		9.73
$ 50	Eib Europ Invest Bank	7¼	'87 Oct	99½	7.63	7.38	7.29
$ 75	Eib Europ Invest Bank	7	'87 Dec	98	8.40	8.54	7.14
$ 100	Eib Europ Invest Bank	12¾	'88 Jan	107	7.88		11.92
$ 100	Eib Europ Invest Bank	8½	'88 Feb	101	7.79		8.42
$ 50	Eib Europ Invest Bank	8¾	'88 Sep	100	8.72		8.75
$ 30	Eib Europ Invest Bank	8½	'88 Dec	100	8.46		8.50
$ 150	Eib Europ Invest Bank	15½	'89 Mar	116	8.73	8.73	13.36
$ 75	Eib Europ Invest Bank	9¾	'89 May	102½	9.14		9.51
$ 50	Eib Europ Invest Bank	7½	'90 Feb	97	8.46	8.87	7.73
$ 100	Eib Europ Invest Bank	12½	'90 Apr	113¼	8.32		11.03
$ 100	Eib Europ Invest Bank	9	'90 Sep	100¾	8.83		8.93
$ 200	Eib Europ Invest Bank	11½	'90 Dec	111	8.45		10.36
$ 100	Eib Europ Invest Bank	9¾	'91 Feb	102	9.33		9.53
$ 125	Eib Europ Invest Bank	11	'91 Mar	110	8.35		12.00
$ 30	Eib Europ Invest Bank	9¼	'91 Mar	103	8.54		9.47
$ 100	Eib Europ Invest Bank	14¼	'91 Nov	112¾	10.93		14.97
$ 80	Eib Europ Invest Bank	11¼	'92 Jan	104¼	10.67		11.27
$ 50	Eib Europ Invest Bank	8¾	'92 Apr	99	8.97		8.84
$ 100	Eib Europ Invest Bank	15½	'93 Jul	114	12.11		13.40

HIGHEST YIELDS
to Average Life Below 5 Years

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 15	Ward Foods O/s Capita	5¾	'88 Nov	82½	14.57	16.01	6.97
$ 125	Pemex Petroleos Mexic	11½	'88 Jul	95	14.42	14.89	12.11
$ 30	Mexico	8¾	'91 Dec	85	12.65	13.56	10.29
$ 40	Mexico	8½	'87 Mar	96½	13.39	13.39	8.81
$ 50	Uer O/s Finance	13½	'88 Oct	101	12.88	12.89	13.37
$ 65	Eec Europ Econom Com	14¼	'93 Apr	106½	13.23	12.51	12.85
$ 60	Newfoundland Province	13½	'90 Feb	104	12.02	11.53	12.98
$ 20	Tnt Overseas Finance	9	'87 Aug	98½	10.33	11.22	9.14
$ 40	Trailer Train Finance	13¾	'92 Nov	106½	11.71	11.21	12.44
cn$ 25	Iso Canadian Finance	10	'86 Aug	99	16.19	16.13	13.13
l 20	Sdr Develop Regional	15½	'92 Apr	105½	14.02	13.26	14.69
l 12	Rothschild Inv Holdin	14½	'90 Aug	105	12.84	12.84	13.81
nkr 100	Norges Hypotekforenin	10½	'88 Apr	98¼	11.55	11.84	10.69
l 15	Eib Europ Invest Bank	12	'91 Jul	101½	11.58	11.52	11.82

HIGHEST YIELDS
to Average Life Above 5 Years

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 50	Dome Petroleum	10	'94 Jul	88½	12.31	12.89	11.30
$ 50	Ingersoll-Rand Intl	13¾	'95 Oct	106	12.11	11.83	12.50
$ 75	Caisse Nat Autoroutes	15½	'97 Mar	119½	12.50	11.38	12.31
$ 75	Intl Standard Electri	12	'96 Mar	103	11.46	11.38	11.65
$ 100	Alaska Housing Fin Co	11¾	'94 Feb	106	10.55	10.51	11.08
$ 50	Hudsons Bay	10	'94 Feb	98½	10.27	10.29	10.15
$ 40	Ottawa-Carleton	14¾	'97 Jun	119	11.61	10.03	12.39
$ 50	Macmillan Bloedel	9¼	'93 Mar	97	9.86	9.94	9.54
$ 54	Japan Airlines	11	'97 Nov	107	9.93	9.56	13.25
cn$ 50	Canadian Utilities	17	'96 Dec	120	13.31	12.56	14.17
cn$ 40	Royal Bank Of Canada	10	'94 May	100	10.00	9.98	10.20
cn$ 40	Royal Bank Of Canada	9	'92 Feb	98½	9.33	9.37	9.14
cn$ 30	Indust Bank Japan Fin	11¾	'95 Dec	116½	9.90	9.31	10.54
ecu 80	Industrial Bk Finland	9	'95 Oct	105	8.20	8.56	8.57

HIGHEST CURRENT YIELDS

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 175	Mexico	18½	'97 Jul	105	17.42		17.62
$ 75	Pemex Petroleos Mexic	17½	'86 Nov	100½	15.33		17.41
$ 75	Transcanada Pipelines	17¼	'88 Oct	103½	15.44		17.15
$ 60	Gulf States O/s Finan	17½	'88 Oct	103½	15.44		16.91
$ 75	Ohio Edison Finance	17¼	'88 Oct	103½	15.46		16.91
$ 75	Genstar	17½	'89 Oct	105½	15.18		16.59
$ 100	Tenneco Intl	17	'89 Oct	103	15.66		16.50
$ 50	Winnipeg City	17	'86 Oct	103½	6.59		16.43
$ 50	Niagara Mohawk Financ	18	'89 Sep	105	14.87		16.19
cn$ 60	Hudsons Bay	18	'87 Nov	103	16.03		17.65
cn$ 50	Nacional Financiera	17¼	'87 Mar	101½	15.57		17.49
cn$ 50	Quebec Province	18	'87 Oct	103	15.15		17.48
cn$ 40	Canadian Pacific	17¾	'87 Nov	102½	15.43		17.32
cn$ 100	Feder Business Dev Bk	17¾	'86 Oct	102½	10.56		17.32

FOREIGNTARGETED BONDS OF THE US TREASURY AND OF ITS AGENCIES

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 1000	Us Treasury	11¼	'88 Sep	107¾	7.34		10.59
$ 1000	Us Treasury	11	'90 Feb	108¾	8.10		10.10
$ 1000	Us Treasury	9¾	'90 Aug	105¾	8.26		9.29
$ 1000	Us Treasury	8¾	'96 Feb	103¾	8.29		8.55
$ 200	Fed Home Loan Banks	11	'89 Dec	107½	8.64		10.23
$ 200	Fed National Mort Ass	11½	'91 Dec	113	8.43		10.18
y 50000	Fed National Mort Ass	6⅞	'92 Feb	101½	6.56		6.77
y 25000	Student Loan Mark Ass	6⅝	'92 Jan	101	6.40		6.56

DM STRAIGHT BONDS

AUSTRALIA

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
dm 100	Australia	7	'87 Feb	101	5.35	5.35	6.93
dm 200	Australia Pp	8¼	'87 Oct	103½	7.78		8.31
dm 250	Australia	6	'88 Sep	100½	5.34		5.97
dm 250	Australia	5¾	'89 Nov	100	5.74	5.74	5.75
dm 250	Australia Pp	5¾	'90 Apr	101½	5.39		5.62

(Continued on next left-hand page)

ZERO-COUPON BONDS

June 5

Security	Final Maturity	Original Offerings Amt	Year	Price	Offered Price
American Intl Group	15 Aug 2004	$ 750	1984	12	19¾
Asian Develop Bank	31 Aug 2004	$ 1000	1984	10½	18¼
Atlantic Richfield Os	4 Feb 1992	$ 500	1982	25¾	59¼
Baker Intl Finance	25 Feb 1992	$ 225	1982	24.70	56¾
Beatrice Foods O/s	9 Feb 1992	$ 250	1982	25½	58¾
Belgium	29 Apr 1996	dm 200	1986	52.80	55¾
Campbell Soup O/s Fin	21 Apr 1992	$ 200	1982	27	61
Caterpillar Fin Serv	11 Aug 1992	$ 200	1982	24	58¾
Caterpillar Fin Serv	11 Feb 1994	$ 140	1984	15.94	49¾
Centrust Savings Bank	15 Feb 2010	$ 1200	1985	5.995	11¼
Commerzbank	22 May 1995	dm 300	1985	50	56
Commerzbank	4 Aug 2000	dm 200	1985	33¾	39¾
Connecticut Mut Life	11 Sep 2008	$ 115	1985	10.80	27½
Du Pont Overseas Cap	11 Feb 1990	$ 300	1982	33.90	72
Eksportfinans	3 Oct 1994	$ 340	1984	32¼	49
Electricite France	11 Sep 1994	$ 500	1984	32¼	49¾
Exxon Capital	15 Nov 2004	$ 1800	1984	11.65	18
Florida Feder Savings	15 Jul 1995	$ 146	1985	26.15	44
Gaz De France	23 Feb 1992	$ 150	1982	25.82	62½
Gaz De France	1 Mar 1994	$ 150	1982	19.85	52¼
General Electric Cred	17 Feb 1992	$ 400	1982	26.08	61½
General Electric Cred	17 Feb 1993	$ 400	1982	22.80	56¾
General Electric Cred	4 Mar 1994	$ 200	1982	19¾	53
General Electric Cred	4 Mar 1995	$ 200	1982	17¼	47¾
General Electric Cred	10 Jul 1996	$ 400	1984	25.55	42½
General Mills Inc	15 Aug 2004	$ 250	1984	11.65	17
General Mills Inc	15 Aug 2013	$ 1000	1984	4.80	8
Gmac O/s Finance	10 Feb 1990	$ 150	1982	34	73
Gmac O/s Finance	5 Feb 1992	$ 250	1982	25¾	61¾
Gmac O/s Finance	1 Oct 1992	$ 400	1982	33¾	58½
Gulf Oil Finance	2 Mar 1992	$ 300	1982	35.82	59¼
Hewlett-Packard Fin	7 Jan 1991	$ 150	1985	64¼	66
Italy	9 May 1996	ecu 400	1986	52	48¾
Nordic Investment Bk	11 Sep 1994	$ 150	1984	31¼	49½
Penney Jc Global Fin	17 Feb 1996	$ 250	1986	18½	45¾
Pepsico Capital	4 Feb 1992	$ 100	1982	25	61
Pepsico Capital	2 Mar 1994	$ 125	1982	20¾	52
Philip Morris Credit	8 Jun 1994	$ 200	1982	22¼	48¾
Prudential Realty Sec	15 Jan 1999	$ 345	1984	18.85	33
Reynolds Rj O/s	19 Feb 1992	$ 400	1982	25½	59½
Sears Overseas	18 Feb 1992	$ 400	1982	24.77	60¾
Sears Overseas	27 May 1994	$ 400	1982	21½	48¾
Sears Overseas	12 Jul 1998	$ 500	1984	20½	33½
Swedish Export Credit	10 Mar 1994	$ 200	1984	19.30	51¾
Swedish Export Credit	11 Sep 1994	$ 250	1984	32.925	49½
Swiss Bank Corp	14 Nov 1997	$ 400	1984	25	38
Wells Fargo Intl Fin	4 Feb 1988	$ 175	1982	44½	84½
Xerox Credit O/s Fin	11 Feb 1992	$ 250	1982	25½	60¼

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Marketmakers in Deutschmark Bonds WestLB
Westdeutsche Landesbank

New Eurobond Issues

Compiled by La… e Desvilettes from information supplied by European bond traders.

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FLOATING RATE NOTES						
Banco Latinoamericano de Exportaciones	$30	1991	¾	100	—	Over 6-month Libor. Noncallable. Each $10,000 note with one warrant exercisable into 8% preferred stock. Fees 1½%. Denominations $10,000.
Household Bank	$100	1996	0.15	100	99.95	Over 3-month Libor. Callable at par in 1991. Fees 0.40%. Collateralized issue in denominations of $100,000.
Jyske Bank	$100	1995	3/16	100	—	Over 6-month Libor. Callable at par in 1989. Fees 0.35%. Denominations $10,000.
National Bank of Canada	$200	1996	1/16	100	99.65	Over 6-month Libor. Noncallable. Fees 0.50%. Denominations $25,000.
Varde Bank	$15	1994	⅛	100	—	Over 6-month Libor. Callable at 100¼ in 1991. Fees 0.50%. Denominations $100,000.
Warburg (S.G. Capital	$200	2006	¼	100	99.55	Over 6-month Limean. Callable at par in 1991. Fees 0.65%. Denominations $10,000.
FIXED-CO…ON						
Mitsui & … nt'l	$50	1991	8	99	—	First coupon to be paid in one lump sum in 1990. Noncallable. Fees 1⅜%.
Toyota … Credit	$100	1989	8	100¾	99.50	Noncallable. Fees 1⅜%.
Eurofi…	DM 100	1996	6¼	100	97.75	Noncallable. Fees 2%.
Varde…nk	DK 100	1993	9⅝	100¼	98.38	Callable at 100¼ in 1992. Fees 1⅜%.
EQU…-LINKED						
Al…ealth Services	$100	2001	6¼	100	—	Noncallable. Convertible at $26¼ per share. Fees 2½%.
Fu…eavy Industries	$200	1993	3⅛	100	91.00	Noncallable. Each $5,000 note with one warrant exercisable into 3,153 shares at 554 yen each. Fees 2¼%. $150 million issued in Europe and $50 million issued in Asia.
…chi Credit	$40	1991	open	100	98.00	Coupon indicated at 2¾%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 11.
…ki	$70	1991	2⅝	100	93.00	Noncallable. Each $5,000 note with one warrant exercisable into 2,069 shares at 430 yen each. Fees 2¼%.
The Maruetsu	$70	1991	open	100	97.00	Coupon indicated at 2¾%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 13.
Mitsubishi Petrochemical	$70	1993	3⅛	100	97.25	Noncallable. Each $10,000 note with one warrant exercisable into 3,153 shares at 544 yen each. Fees 2¼%.
Orient Leasing	$60	1991	2¾	100	100.00	Coupon indicated at 2¾%. Noncallable. Each $5,000 note with one warrant exercisable into 213 shares at 4,030 yen each. Fees 2¼%.
Sunrise Medical	$30	1996	open	100	99.50	Coupon indicated at 7-7½%. Callable at 103 in 1991. Convertible at an expected 23-26%. Fees 2½%. Terms to be set June 13.
United Cable Television	$50	2001	open	100	99.50	Coupon indicated at 5½-6%. Redeemable at 110.165 in 1991 to yield 7½%, and callable at 101 in 1991. Convertible at an expected 28-32% premium. Fees not disclosed. Terms to be set June 9.
Uny Company	$60	1991	2¾	100	97.63	Noncallable. Each $5,000 note with one warrant exercisable into 452 shares at 1,876 yen each. Fees 2¼%.
Yamaichi Securities	$40	1996	open	100	99.75	Coupon indicated at 4%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set June 14.
Yamaichi Securities	$30	1993	open	100	99.50	Coupon indicated at 3¼%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 14. Issued in Asia.
Viacom Int'l	$200	2001	open	100	99.75	Coupon indicated at 5¾-6%. Redeemable in 1993 to yield 8⅞%. Convertible at an expected 24-28% premium. Fees 2½%. Terms to be set June 11.
Intershop Overseas Finance	DM 100	1996	2¾	100	100.50	Callable at 102 in 1992. Each 5,000-mark note with 2 warrants exercisable into a total of 5 bearer shares of Swiss Intershop Holding AG at 890 Swiss francs each, a 0.60% premium. Fees 2½%.
Suminoe Textile	DM 50	1993	open	100	101.00	Coupon indicated at 1½%. Noncallable. Each 5,000-mark note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set June 9.
Yamaichi Securities	£20	1991	open	100	99.50	Coupon indicated at 3¼%. Noncallable. Each £5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 14.
C. Itoh	ECU 100	1991	open	100	98.75	Coupon indicated at 2¼%. Noncallable. Each 5,000-ecu note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 10.

Rates Drop Sharply on Weak U.S. Jobs Data

By Michael Quint
New York Times Service

NEW YORK — Short- and long-term interest rates fell sharply, as weak employment data for May caused market participants to set aside the concerns that depressed trading activity and increased interest rates earlier in the week.

U.S. CREDIT MARKETS

The sudden turnaround Friday left interest rates at their lowest level in a week, and helped revive speculation that the Federal Reserve might still adopt a more generous monetary policy and push for lower short-term interest rates.

"The employment data is hard evidence of the economy's lack of strength, especially the industrial sector," said Brian Fabbri, chief economist at Thomson McKinnon Securities. "I expect we'll start hearing rumors again of a Fed discount-rate cut when we see more evidence of the economy's problems."

By late in the day, three-month Treasury bills, which were above 6½ percent as recently as Wednesday, were bid at 6.32 percent. In the note and bond market, Friday's rally lifted prices by more than two points, or $20 per $1,000 bond, for Treasury securities due in 10 years or more.

John Paulus, chief economist at Morgan Stanley & Co., noted that the weak data were particularly significant "because they negate the purchasing managers' survey last week, which pointed to stronger economic activity in May."

Analysts concluded that the pace of economic activity was slow enough that the Fed would not dare to tighten monetary policy and raise short-term interest rates.

Securities dealers said investor demand was excellent for issues due in 5 to 10 years, helping reduce the yield of 7½-percent Treasury notes due in 1991 to 7.79 percent from 8.03 percent. Meanwhile, the 7⅜-percent issue due in 1996 fell to 7.97 percent from 8.26 percent.

Longer-term issues benefited from good buying by securities dealers and other speculators.

U.S. Consumer Rates

For Week Ended June 6

Passbook Savings	5.50 %
Tax Exempt Bonds Bond Buyer 20-Bond Index	7.97 %
Money Market Funds Donoghue's 7-Day Average	6.34 %
Bank Money Market Accounts Bank Rate Monitor Index	6.30 %
Home Mortgage FHLB average	10.57 %

WORLD STOCKS IN REVIEW / *Via Agence France-Presse*

Amsterdam

AMSTERDAM — Prices were slightly lower across the board on the Amsterdam Stock Exchange last week. Dealers said investors were playing it safe.

Although the general index rose to a new high of 292.3 on Monday, by Friday it fell to 287, down 2.2 points from 289.2 the week before.

Fluctuations in the value of the U.S. dollar failed to generate much activity. International companies in particular were affected by the lack of enthusiasm. Royal Dutch was the exception, reporting a gain of 1.90 guilders to 196.50. An American broker's recommendation secured Ahold shares a daily place on the most-active list.

Total volume came to 4.701 billion guilders, down from 5.224 billion the previous week.

Frankfurt

FRANKFURT — The slump continued here last week, with foreign investors notably absent.

The Commerzbank index lost 31.5 points to finish at 1,937.5, a 16-percent fall since April 17. Volume totaled 2.165 billion Deutsche marks, up from 2.099 billion DM the previous week.

Most blue-chips lost ground. Big losers included Daimler-Benz, Volkswagen and Hoechst.

This week will feature an injection of 4.526 million shares from VIAG, a government-owned group, which is having 40 percent of its capital denationalized. Analysts expect the offering to earn 746.8 million DM and weigh heavily on the market.

Hong Kong

HONG KONG — Shares on the Hong Kong exchange slipped again last week in lackluster trading. Analysts said they saw no signs that the market would soon shake off its lethargy.

The Hang Seng Index shed nearly 41 points to close the week at 1,747.09, while the new Hong Kong index dropped nearly 24 points to finish at 1,088.01. Both had recorded more moderate losses the week before.

Daily volume averaged 236.11 million Hong Kong dollars, down from 293.11 million dollars the week before. Monday's volume of 190.26 million dollars was the lowest since the new unified exchange opened April 1.

Among leading shares, Cheung Kong lost 70 cents to 20.00 dollars, Hutchison lost 70 cents to 28.10 dollars, and Cathay Pacific lost 20 cents to 5.50 dollars.

London

LONDON — The stock exchange was brighter last week, helped by hopes of another half-percentage-point cut in interest rates.

The Financial Times industrial share index gained 15.7 points during the week, to close Friday at 1,336.9. The volume of transactions rose to 122,651 from 99,514 the week before.

More than £400 million in share offerings by Cadbury Schweppes and Dee Corp. to finance mergers were well absorbed by the market, despite the recent flood of similar cash calls. Hotels received a boost from the news that Nancy Reagan would attend the royal wedding, prompting hopes of a recovery in tourism.

Milan

MILAN — The Milan Bourse declined 5.32 percent last week, with losses from midweek erasing the recovery begun the previous Friday and maintaining the market's downward trend.

The COMIT index ended the holiday-shortened week at 741.30, down 41.6 points from 782.90 the previous Friday.

Average daily volume also slumped, to 43 million shares from 60 million the week before. Average daily value fell to 330 billion lira from 450 billion.

Analysts attributed the decline to continuing uncertainty over a new capital-gains tax on profits earned in the market. Cautious investors and panicky newcomers sold heavily, analysts said.

Heaviest losers were Gemina, down 13.5 points; Fiat, down 6; Olivetti, down 8.80; and Mediobanca, down 9.45.

Paris

PARIS — Prices on the Paris Bourse, still reacting to uncertainties in the French economy, continued to decline last week. The CAC index fell 4.9 percent, or 17.4 points, to 337.2 from 356.6 the week before.

Analysts said investors were discouraged by a recovery in crude oil prices and an expected end to the trend toward lower interest rates. The market was also said to be anxious over friction between the Socialist presidency and the conservative parliament, and by the prospect of public-transport strikes this week.

Foreign investors have lately begun to sell French shares, which have fallen 20 percent since May 15.

Volume totaled 54.547 trillion francs, up from the previous week's 43.804 trillion. Elf Aquitaine and Peugeot were the week's most active stocks.

Singapore

SINGAPORE — The Singapore stock market improved last week, despite profit-taking at week's end before the Monday Ramadan holiday. A number of stocks, notably industrial and finance trustee stocks, had double-digit gains.

The SES all-share index rose 8.95 points over the week to 230.61. The Straits Times industrial index touched a high of 695.43 before closing the week at 691.86, a gain of 35.86 points.

Average volume increased to 24.8 million units from 15 million the previous week. Total volume was 123.4 million units valued at 233.8 million dollars, up about 60 percent over the previous week.

Haw Par was the most active stock, with a volume of 13 million units. It closed at 2.70, up a hefty 34 cents. Promet was second, with volume of 4.7 million units, followed by TDM with 4.6 million units.

Tokyo

TOKYO — Prices continued to soar on the Tokyo Stock Market last week, led by such recently neglected giant capital stocks as Nippon Steel.

The 225-share Nikkei stock average set highs in three consecutive sessions to finish at 16,817.91 yen Friday, up 147.14 yen for the week. The index topped the 16,800-yen mark for the first time Wednesday, when it finished at 16,802.75 yen.

The TSE composite index of common stocks gained 7.36 points to close at 1,307.47, after a 33.01-point advance the previous week. The index set a high of 1,309.88 points on Monday.

Trading remained active with average daily volume rising to 758.25 million shares, from the previous week's 731.25 million. Average value rose to 861.033 billion yen, from 608.61 billion yen the week before.

Nippon Steel rose 10 yen to 179, while Kawasaki Steel gained 16 yen to 181. Among speculative issues, Taraka Shuzo Co. rose to a record 883 on Friday, on a report that the distiller would move into the whiskey market. Analysts predicted the bullish trend would last at least into next week, with no unfavorable news expected before the July 6 general elections.

Zurich

ZURICH — Swiss and foreign issues closed lower last week, with the Société de Banque de Suisse index losing 17 points to finish at 629.8.

Bank stocks were weaker. Union de Banques Suisses lost 135 points to close at 5,475, while Société de Banque Suisse was down 24 points at 540.

Among finance companies, Electrowatt lost 75 points to finish at 3,500 but Colombus gained 25 to 1,675. In the insurance sector, Cie. de Réassurance dropped 1,500 to 18,200 while Zurich nominal shares were down 275 to 3,150.

Industrials were mixed, with Sulzer falling 100 to 2,925 and Alusuisse bearer shares climbing 21 to 726. Food issues lost ground.

SELECTED U.S.A./O.T.C. QUOTATIONS

	BID	ASK
Bitter Corp.	4⅛	4¾
Mag	1½	1¾
Modulaire	11¾	12¼
Mr Gasket	7⅞	8
Rodime	10¼	10½

WITH COMPLIMENTS OF CONTINENTAL AMERICAN
These prices are as of June 5, 1986

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EUROBONDS: *Caught in the Crossfire, Market Suffers a Sharp Decline*

(Continued from first finance page)

making the heaviest use of this sector. Dealers now complain that the Japanese are flooding the market and need to hold back.

With the yen again appreciating sharply against the dollar and worries increasing about what measures Washington might take to halt the flood of imports from Japan, companies depending on export markets were shunned. One of the biggest losers was Hanwa, a trading company that a week earlier sold at par $80 million of seven-year bonds bearing warrants to purchase shares. By last week, the bonds were trading at 89, down from 95½ a week ago.

Fuji Heavy Industries fared little better with its seven-year bonds, offered at par, quoted at 91. In addition to its exposure to export markets, dealers complained that the size of the issue, $200 million, was too big.

Iseki, which manufactures agricultural machinery, is sheltered from the currency and trade worries but is too little known to justify placing $70 million of bonds in a market already overcrowded. Further complicating the placement was the low coupon of 2⅝ percent. Its five-year bonds, priced at par, ended the week at 93.

The best received were the issues from Yamaichi Securities. For openers, it offered the highest coupons, 3¼ percent on £20 million of five-year bonds and $30 million of seven-year bonds, and 4 percent on $40 million of 10-year bonds. In addition, given the huge investments now flowing out of Japan, financial services companies are considered the best insulated against an appreciation of the yen.

Overall, bankers noted that with issues no longer opening at substantial premiums, investors are beginning to take a harder look at the companies tapping the market. Thus, Maruetsu, a supermarket chain not exposed to currency fluctuations, fared poorly because the name is not well known and the size of the issue, $70 million, was considered too large.

The return of U.S. companies to the equity-linked market drew a favorable response, particularly Viacom and United Cable Television, which gave investors protection against a poor performance of the stock price by providing an optional "put" feature.

Holders of Viacom's $200 million of 15-year bonds, which are expected to carry a coupon of 5¾ to 6 percent, can request redemption after seven years at a premium price, giving an effective yield of 8¾ percent.

Especially interesting is Viacom's protection against a takeover, not at all irrelevant for a company that was threatened by an unwanted suitor. If there is any change in control of the company within the first seven years, investors can exercise the put option and request cash redemption.

The bonds are expected to be convertible into shares at a price of 24 percent to 28 percent over the prevailing New York Stock Exchange quotation when final terms are set on Wednesday.

United Cable, which is offering $50 million of 15-year bonds and indicating a coupon of 5½ to 6 percent, is offering a five-year put option at a price of 110.165, a yield of about 7½ percent. These bonds will be convertible at a premium expected at 28-32 percent.

Sunrise Medical, a maker of therapeutic products, is indicating a coupon of 7 to 7½ percent on $30 million of 10-year bonds, which are expected to be convertible into stock at a premium of 23 to 26 percent.

While the price to buy shares of the U.S. companies is set much higher than the 2½ premiums standard on the Japanese warrant issues, the difference in coupon levels largely offset this.

BUGS: *New Roach Killer Is a Marketing Success Story*

(Continued from first finance page)

fire ants, which deliver a powerful sting. Found mainly in the Southern United States, fire ants can build huge mounds on lawns.

Cyanamid marketed the chemical under the name of Amdro as an agricultural insecticide to eliminate fire ants. Researchers discovered that a small amount on top of a mound could eliminate an entire nest in 48 hours.

Research continued, until the day its effect on cockroaches was accidentally discovered.

Delighted with its effect, the researchers started using the compound as an all-purpose insecticide around the laboratory, which had been plagued with infestations.

Researchers in the consumer products group, equally delighted with the marketing potential of such a product, set out to develop it.

Harold Porosoff, director of research for American Cyanamid's consumer product group, said the first step was to learn everything possible about cockroaches. The research team grew cockroach farms to study roach habits.

Among the findings, Mr. Porosoff said, were that cockroaches like confined spaces. The researchers then designed a confined 2-inch-by-2-inch (50-millimeter) bait tray that contains pinwheel-shaped passages. Once the cockroach enters the tray, it has to cross the insecticide-laced bait to get out.

The researchers also built simulated kitchens to understand where the pests hide and what they like to eat. The bait, specially tailored to cockroach tastes, amounts to an oatmeal cookie. It is a mixture of corn syrup, grease and oatmeal laced with the hydramethylnon.

When the time came to market Combat, American Cyanamid conducted a survey to find out what consumers wanted in an insecticide.

Ken Freeman, vice president of marketing, said that long-term effectiveness was the top priority.

"It is true that they want immediate results, such as seeing the bugs die on the spot," he said, "but in the end they want a product that will last."

Survey in hand, American Cyanamid held its first market test in 1982 in New Orleans. The company took what Mr. Freeman called a quick, entrepreneurial approach to marketing. There was no extensive television advertising and only limited newspaper and radio promotion. The product was priced at $5, about 70 percent above its current price of $3.

The initial test was a disaster, Mr. Freeman said. Another consumer survey was taken, indicating that in addition to long-term effectiveness, consumers did not want a product that was messy to use, contained strong fumes or posed a health hazard.

Mr. Craig said consumers are also reluctant to try new products if the price is too high or if the product makes claims that seem too revolutionary. And most companies spend heavily to market new products, he said, noting that Procter & Gamble spent $40 million to $50 million on reformulated Crest toothpaste.

In 1983, American Cyanamid conducted a further test in Kansas City, Missouri, and New Orleans, this time advertising extensively. Television commercials and print ads focused on Combat's long-term effectiveness, esthetics and safety.

The Kansas City experiment was a resounding success. Market share in Kansas City was twice as high as in New Orleans, where there were more brands of insecticides available.

The following year, American Cyanamid conducted another successful market test in the New York City area.

After a year on the market, Combat has done so well that American Cyanamid has introduced an extension, Combat Control Systems for house ants, fire ants, large cockroaches and palmetto bugs, the extremely large cockroaches that inhabit the South. The bait trays for the large roaches and palmetto bugs are much larger.

Mr. Salvani, the analyst, projects that Combat sales will easily reach $100 million in two years.

Teller Machines Giving Away Cash in Canada

United Press International

TORONTO — Automated teller machines at Canada's largest bank have given away the equivalent of about $3,600 in the last month because they cannot "read" ink on the new Canadian 5-dollar bill.

A spokesman for Royal Bank of Canada said Friday that ink on the bills, introduced a month ago, is too light. The ATMs, which measure ink density, give customers two bills instead of one in every 300 to 500 transactions. Royal, the only bank whose ATMs dispense the bills, said it is was working with the maker, International Business Machines Corp., to fix the problem.

Last Week's NYSE

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
Sperry	82162	75	74	75	+ ⅛
PhilaEl	61980	18¾	17⅞	18⅝	+1⅛
AT&T	60570	25¼	24⅝	25	
IBM	57166	153½	149	149⅞	—2½
Sears	54372	48⅜	46¼	48¼	+ ⅜
OhioEd	50501	18¾	18⅛	18⅜	— ¼
EKodk	47900	62¼	59⅝	62⅜	+1⅞
CmwE	43458	31	29⅞	30⅜	— ⅛
PepsiC s	40772	35¼	3½	34⅞	+1
McDerl	39961	19⅝	19	19½	+ ⅜
Chrys s	39399	37	35½	36¼	—1
AmExp	39307	63¼	60⅝	61⅞	— ⅝
LLCCp	37955	4⅝	2¾	4⅝	+1½
Salomn	36575	53⅝	50⅝	51	—2½
GenEl	35727	82⅝	79⅝	81¾	+2⅜
AetnLf	34808	63⅞	59	59⅝	—3⅞
ITT Cp	34019	48½	45⅞	46¼	—2⅝
PhilPet	33449	10¼	10	10¼	— ⅛
USSteel	32383	21⅞	21¼	21½	— ⅜
RJR Nb	32360	49⅞	46	49⅝	+1⅝
MerLyn	31674	38½	34⅞	35⅝	—1½
Mobil	31528	31⅝	30⅝	31⅜	+ ⅛
Digital s	31488	92¼	88	88⅝	—3½
Disney s	31426	51½	46⅝	51¼	+4⅝
Exxon	30801	60½	59	60⅛	+ ¼

NYSE Sales

	Sales Vol.
Total for week	574,690,000
Week ago	567,620,000
Year ago	481,300,000
Two years ago	414,980,000
Jan 1 to date	15,487,575,170
1985 to date	11,954,380,000
1984 to date	10,178,740,000

NYSE Diaries

	This Wk	Last Wk
Advanced	773	1235
Declined	1195	718
Unchanged	219	253
Total Issues	2187	2204
New Highs	240	353
New Lows	35	24

New Issue June 1986

6⅞% Bearer Bonds of 1986 (1994) Series II

Kreditanstalt für Wiederaufbau

Offer for Sale

Kreditanstalt für Wiederaufbau, Frankfurt am Main, issues 6⅞% Bearer Bonds of 1986 (1994) Series II in a total amount of

DM 750,000,000.–

The net proceeds of this issue will be used for long-term investment loans. DM 700,000,000.– of this amount are offered for sale by the syndicate of banks listed below.

Issue Price:	99½% plus Stock Exchange Turnover Tax with adjustment of interest.
Interest:	6⅞% p.a., payable annually in arrears on June 1, of each year. The first interest coupon will be due on June 1, 1987.
Denomination:	DM 100.– or a multiple thereof.
Lifetime/Redemption:	8 years. The Bonds will be redeemed on June 1, 1994 at par. Redemption prior to maturity is excluded.
Ranking as Trust Investments/ Eligibility for Investments by Insurance Companies:	The Bonds rank as trust investments and are eligible for investments by insurance companies, according to the German laws.
Listing:	The Bonds will be admitted for trading and official quotation on all stock exchanges of the Federal Republic of Germany, including Berlin.
Eligibility as Collateral for Loans by Deutsche Bundesbank ("lombardfähig"):	The Bonds are eligible as collateral for loans by Deutsche Bundesbank ("lombardfähig") upon admittance for trading and official quotation.
Delivery:	The Bondholder receives a Central Deposit Advice from the bank appointed by him. Definitive Bonds will not be available. The Bond issue will be evidenced by one Global Certificate.
Sale:	The Bonds will be offered for sale by the undersigned banks as from today.
Stock Index Number:	276 033.

The detailed Offer for Sale to be published in the Bundesanzeiger (German Federal Gazette) is available from the banks. Allotments of Bonds will be at the discretion of the selling banks.

Frankfurt am Main, June 1986

KfW Kreditanstalt für Wiederaufbau

ADCA-Bank Aktiengesellschaft
Allgemeine Deutsche Credit-Anstalt
Arab Banking Corporation – Daus & Co. GmbH
Bankhaus H. Aufhäuser
Baden-Württembergische Bank Aktiengesellschaft
Badische Kommunale Landesbank – Girozentrale –
Bankenunion Frankfurt am Main Aktiengesellschaft
Bankers Trust GmbH
Bank für Gemeinwirtschaft Aktiengesellschaft
Bank für Handel und Industrie Aktiengesellschaft
Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank Aktiengesellschaft
Joh. Berenberg, Gossler & Co.
Berliner Bank Aktiengesellschaft
Berliner Commerzbank Aktiengesellschaft
Berliner Handels- und Frankfurter Bank
Bankhaus Gebrüder Bethmann
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –
Commerzbank Aktiengesellschaft
Commerz-Credit-Bank AG Europartner
CSFB-Effectenbank AG
Delbrück & Co.
Deutsche Bank Aktiengesellschaft
Deutsche Bank Berlin Aktiengesellschaft
Deutsche Bank Saar Aktiengesellschaft
Deutsche Genossenschaftsbank und die genossenschaftlichen Zentralbanken
Deutsche Girozentrale – Deutsche Kommunalbank –
Deutsche Westminster Bank Aktiengesellschaft
Dresdner Bank Aktiengesellschaft
Bankhaus Max Flessa & Co.
Fürst Fugger-Babenhausen Bank KG
Fürst Thurn und Taxis Bank Albert Fürst von Thurn und Taxis
Geestemünder Bank Aktiengesellschaft
Hamburgische Landesbank – Girozentrale –
Handels- und Privatbank Aktiengesellschaft
Georg Hauck & Sohn Bankiers Kommanditgesellschaft auf Aktien
Hessische Landesbank – Girozentrale –
Von der Heydt-Kersten & Söhne
Bankhaus Hermann Lampe Kommanditgesellschaft
Landesbank Rheinland-Pfalz – Girozentrale –
Landesbank Saar – Girozentrale –
Landesbank Schleswig-Holstein Girozentrale
Merck, Finck & Co.
B. Metzler seel. Sohn & Co.
National-Bank Aktiengesellschaft
Bankhaus Neelmeyer Aktiengesellschaft
Norddeutsche Landesbank Girozentrale
Oldenburgische Landesbank AG
Sal. Oppenheim jr. & Cie.
Reuschel & Co.
SchmidtBank
Schröder, Münchmeyer, Hengst & Co.
Schwäbische Bank Aktiengesellschaft
Schweizerische Bankgesellschaft (Deutschland) AG
Simonbank Aktiengesellschaft
J. H. Stein
Trinkaus & Burkhardt KGaA
Vereins- und Westbank Aktiengesellschaft
M. M. Warburg-Brinckmann, Wirtz & Co.
Westdeutsche Landesbank Girozentrale
Westfalenbank Aktiengesellschaft
Württembergische Kommunale Landesbank Girozentrale

International Bond Prices

(Continued)

NEW ZEALAND

NORWAY

PORTUGAL

SOUTH AFRICA

SOUTH AMERICA

SPAIN

SUPRANATIONAL

SWEDEN

SWITZERLAND

UNITED KINGDOM

UNITED STATES AMERICA

EURO CURRENCY UNITS

CANADIAN DOLLARS

NORWAY KRONERS

POUNDS STERLING

FRENCH FRANCS

JAPANESE YEN (EURO)

NASDAQ National List

OTC consolidated trading for week ended Friday.

CONVERTIBLE BONDS

June 5

EUROPE

JAPAN

MISCELLANEOUS

UNITED STATES AMERICA

HIGHEST CURRENT YIELDS

On convertibles having a conversion premium of less than 10%.

Explanation of Symbols

CDL	Canadian Dollar	SDR	Special Drawing Rights
ECU	European Currency Unit	Y	Yen
EUA	European Unit of Account	LFR	Luxembourg Franc
£	Pound Sterling	SFR	Swiss Franc
DM	Deutsche Mark	FF	French Franc
NKD	Norwegian Kroner - DM		

The Daily Source for International Investors.

Herald Tribune

A Monthly Report for the International Investor

Herald Tribune INTERNATIONAL

Monday, June 9, 1986

PERSONAL INVESTING

FOCUS

Goldbugs Eye Soviet Sales With Caution

PUZZLED that a weaker dollar and somewhat healthier demand has failed to stir gold prices, a number of analysts have identified yet another factor inhibiting a rally. This time the suspected culprit is the Soviet Union.

Under pressure to maintain hard currency earnings in the face of declining oil and natural gas prices, gold specialists say that sales by the Soviet Union, the second-largest gold producer after South Africa, have been growing steadily for the past year. And some fear that the trend may accelerate later in the year if the Chernobyl nuclear accident damaged the Russian grain harvest, though there is no evidence yet of significant harm to crops.

"They just might eventually need cash to pay for food," says Alan Davidson, a London metals analyst for Shearson Lehman Brothers. "A lot of heavy producer selling could kill off any hopes of a rally."

In many ways, concern about Soviet activity is heightened by the mystery surrounding its transactions. In the 1970s, traders joked that they could always spot the Russians in the market; they were selling at the worst prices and buying back at the best. Now, say observers, the Soviets are more aware of their influence. Accordingly, they have grown more sophisticated at disguising their dealings.

USING bullion dealers in London and New York and big banks in Zurich and Frankfurt as middlemen, the Russians are believed to simultaneously buy and sell in a variety of markets to throw traders off the scent. "The Russians let you see what they want you to see," says a gold specialist at a U.S. firm that deals with the Soviet Union.

Nevertheless, data compiled by a number of investment firms in the United States and Europe suggest that the Russians became heavy sellers in 1985 after income from oil and gas exports declined sharply. The current volume of sales is estimated at the highest level since the 1970s, when a string of poor harvests forced Moscow to reach deep into its pockets to pay for huge amounts of grain from the West.

AFN

Excavation at Aldan, a gold mining town in the Soviet Union.

Michael Coulson, a gold specialist with Phillips & Drew in London, estimates that the Russians sold about 275 metric tons last year and expects them to sell another 350 tons this year. Verghese Varkki, director of metals research at James Sinclair & Co. in Luxembourg, says his firm last month upgraded its projected increase in sales by 30 percent for 1986 to 80 metric tons.

To be sure, low inflation and attractive returns on stocks and bonds are reasons enough to explain why gold has been trapped in a narrow range of $330 and $360 an ounce since January. But in a market where rallies are sometimes measured in cents, Russian intentions have taken on a new significance. "If (the Soviets) were to sell 150 tons less this year, it would have a marked effect on the gold price," says Mr. Coulson.

INDEED, after finding a new level of support above $300 an ounce last year, some observers were betting on a modest rally this year. Conventional wisdom holds that the price of gold moves inversely to the dollar, and the U.S. currency's plunge has built up expectations in the market.

Moreover, demand is rising elsewhere. Central banks now are net purchasers of gold. And Japan is thought to be a big buyer this year because of plans for a commemorative gold coin honoring Emperor Hirohito's 60th anniversary. Even purchases by the jewelry industry, a mainstay in the market, are expected to grow by about 5 percent this year to more than 30 million ounces.

Experts believe that the fundamentals still may triumph, although few see gold getting much beyond $360 during the summer. Talk of touching $400 toward the end of the year is gaining a wider audience, but the Soviet response to the price rise is a key factor. "If the Russians can resist the price increase, there's a chance," Mr. Coulson says. "But if we get up to $360 or $380 and they suddenly dump 50 tons, it will have a poor psychological effect on the market." □

John Meehan

Bearish Influence

Soviet gold sales 1980-86

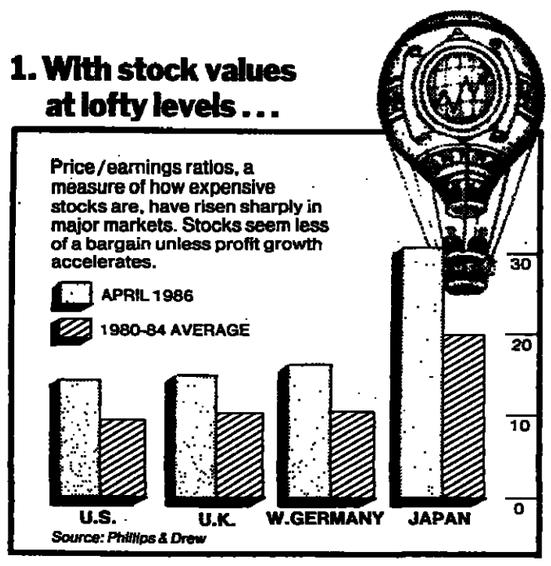
Year	Metric tons	Value in billions of dollars
1980	90	$1.76
1981	280	4.14
1982	207	2.46
1983	93	1.27
1984	205	2.37
1985 (e)	275	2.80
1986 (e)	350	3.80

(e) estimate — Source: Phillips & Drew

The Global Rally's Rocky Transition

1. With stock values at lofty levels . . .

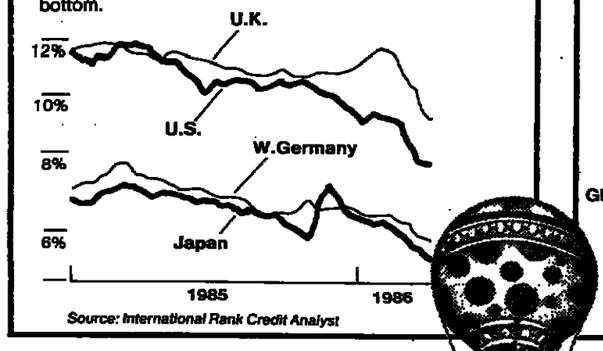
Price/earnings ratios, a measure of how expensive stocks are, have risen sharply in major markets. Stocks seem less of a bargain unless profit growth accelerates.



Source: Phillips & Drew

2. And the big drop in rates past . . .

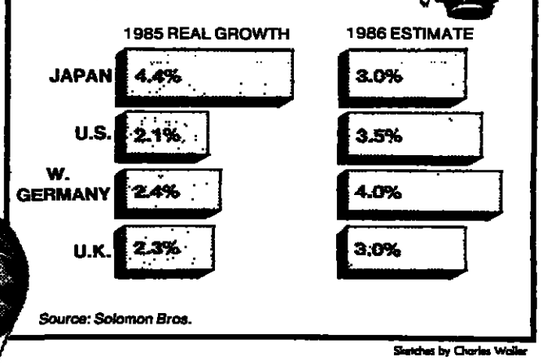
Lower interest rates fueled the rally, but now yields on 10-year government bonds are at their lowest levels in many years, perhaps near a bottom.



Source: International Bank Credit Analyst

3. Investors pin their hopes on growth

Solid economic growth in the second half is needed to insure the rally continues.



Source: Solomon Bros.

Sketches by Charles Waller

Now that some investment themes are wearing thin, the markets are changing their focus.

All is for the best in the best of possible worlds.
Dr. Pangloss in Voltaire's "Candide."

By William G. McBride

London

SURVEYING the investment climate recently, Henry B.W. de Vismes, president of Kleinwort Benson's Transatlantic Fund, ticked off the list of positives: fading inflation, cheap energy, reasonable wage settlements, lower interest rates and generally stable political situations in key economies. "Sometimes I think it's such a perfect situation that something must be wrong," he says.

Aside from such occasional bouts of skepticism, Mr. de Vismes and most other money managers are betting that the global surge in stock markets is far from over. But the transition to the next stage of the rally could be rocky. Already, major markets have gone through downturns in the last six months, though investment professionals mostly rate these setbacks as healthy corrections. Borrowing Coca-Cola's old advertising slogan, Gilbert de Botton of Global Asset Management, says, "This is the pause that refreshes."

The problem for investors is that the themes that have dominated the markets during the past 18 months have grown tired. Even though the downward trend in inflation rates, the dollar and interest rates may continue over the next few months, much of the good news is "already largely reflected" in stock prices, says Bernard Rattray, a director at American Express Asset Management. The focus in the rally's next phase will be on targeting which companies will cash in on the growth these trends promise.

Since the beginning of the rally in 1982, stock prices have fetched higher prices largely because lower inflation and interest rates made company earnings look increasingly attractive, even if they were not rising particularly quickly. In the United States, interest rates and inflation rates came down so dramatically that stock prices charged ahead even when corporate profits limped along. The total return on the Standard & Poor's 500 Index was about 32 percent last year, while the profits of the companies that make up the index were down 11 percent.

Many money managers expect a further round of interest rate cuts this summer, and some argue that the last reductions have yet to be fully reflected in stock prices. But as interest rates move to near 20-year lows in major economies and stock prices hover near record highs, investors can be expected to look more intently at whether the benefits of cheap energy and lower interest rates are showing up in accelerated profit growth, especially in the United States.

"Ultimately, stock prices are driven by earnings and dividend expectations," says Mr. Rattray. "The message of the market has been, and still is, that there's a lot of earnings lying ahead over many years." In the near term, however, there could be unpleasant surprises. "Where the earnings will not be delivered, there will be disappointments," he acknowledges.

So far, economic statistics augur for what Glenn Wellman, managing director of Alliance Capital Management International, calls "reasonable, rather than good growth," the best kind for avoiding rises in interest rates and inflation. The key is the expected acceleration of the U.S. economy in the second half, which has yet to develop convincingly. "I don't worry yet," says Stephen Butt, head of asset management for Morgan Stanley Asset Management in London, "But if we don't see that pickup later this year, that would be really worrying."

Even if the growth develops, the benefits, as always, will be distributed unevenly. Corporate profit fore-

Continued On Page 12

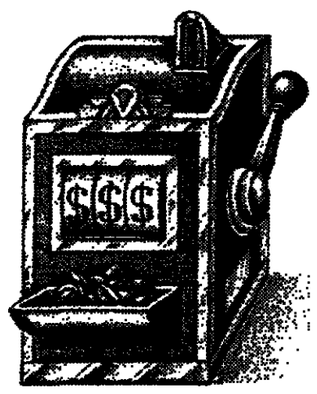
AP Wide World

Shoppers in Joshin Denki store in Tokyo. The consumer boom is on.

When the Blind Lead the Blind

Here are some stocks for the true speculator.

By Janice Horowitz



Charles Waller

New York

WHEN Chicken Hawk Inc., a company based in Salt Lake City, Utah, hit the market with a $400,000 initial public offering in April last year, it seemed like most other penny stock issues. It was priced at a mere 50 cents a unit, each consisting of one common share of stock and a warrant to buy another — the kind of package common in a market that thrives on cheap stocks.

But where other companies market themselves to the public by stressing revenues or the viability of a product they hope to develop, Chicken Hawk made no such claims. In fact, it did not appear to have any business. Its prospectus stated that the company intended "to take advantage of business opportunities which the management believes arise from time to time."

This cryptic description may be unusual in the new issues market, but it is hardly unique. Chicken Hawk is known in the U.S. securities industry as a "blind pool," an initial public stock offering in which a company has little or no assets and often speaks vaguely of plans to merge or acquire other companies. Such pools often are popular at the height of a bull market, when the public is willing to buy up almost anything.

Indeed, what blind pools lack in substance, they more than make up for in speculative appeal. A year after it went public, Chicken Hawk still has no ongoing business and no assets other than what is left of the $400,000 raised at the initial public offering. Nonetheless, its bid price has floated up to more than $2 a unit.

The public's appetite for these low-priced equities is on the rise. "Blind pools are the hot thing right now," says Stewart Winograd, managing editor of the National OTC Stock Journal, a Denver-based newspaper that tracks the over-the-counter market. "They're springing up everywhere."

Last year 105 blind pools applied to the Securities and Exchange Commission for permission to go public, hoping to raise a total of $51.8 million, according to the Institute for Econometric Research, a Fort Lauderdale, Florida newsletter publisher that tracks the market. In the first three months of 1986, the institute says, 154 pools filed with the SEC. So far, 10 have gone public, compared with 21 in all of 1985.

The most common blind pool today is set up as a shell company with the stated purpose of acquiring private companies. Rarely do they go public at more than $5 a share. Promoters tend to hype them, sometimes by plugging the expertise of the management in a certain industry. The problem is that many blind pools have very low initial capitalization, ranging from a few thousand to no more than half a million dollars, making it difficult to acquire much.

"Let's be realistic," says one attorney who works closely with blind pools, "$50,000 is not enough capital to do anything."

Another scenario is a reverse acquisition in which a privately held company, wanting to avoid the time and expense of an SEC registration, will take over a blind pool to obtain its stock market listing.

Dynavex, which has an oil and gas equipment division and a medical products division, was a two-month-old, privately held corporation when it merged with a blind pool, Prime Properties. The pool came out in July of last year at 2 cents a unit, consisting of one share of common stock and two warrants to purchase additional shares, totaling a $75,000 initial public offering. Dynavex merged with it in September.

"Doing it this way cost $25,000 instead of over $100,000," says Scott Hamilton, chairman of Dynavex.

Mr. Hamilton contends that Dynavex has $2.6 million in assets and that by June 30, it will be generating earnings of 50 cents to 75 cents a share on revenues of $3.5 million. It currently sells for 18 cents a share bid. "So many blind pools go sour, but we have 35 full-time employees, and

Continued On Page 15

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Markets at Midyear: A Rocky Transition

Continued From Page 11

casts for Japan and West Germany are being revised downward for this year because of the appreciation of the yen and Deutsche mark, which restrain the earnings of their exporters. The profits of major Japanese companies could be flat this year and rise 10 percent next year, according to Phillips & Drew, the London brokerage. In West Germany, earnings growth of the key listed companies is expected to be around 9 percent this year, slowing to 8 percent in 1987.

U.S. corporate profits for this year are not likely to show spectacular gains either. "We are close to a stronger economy and earnings-driven market," says John D. Connolly, investment strategist at Dean Witter Reynolds, "but it may take another quarter or more." Byron Wien, chief U.S. strategist for Morgan Stanley, recently trimmed his estimates for earnings growth for the S&P 500 companies to $16.50 a share from $17.50. For 1987, he has shaved his estimates of the year-to-year increase in corporate profits to 6.1 percent from 8.6 percent.

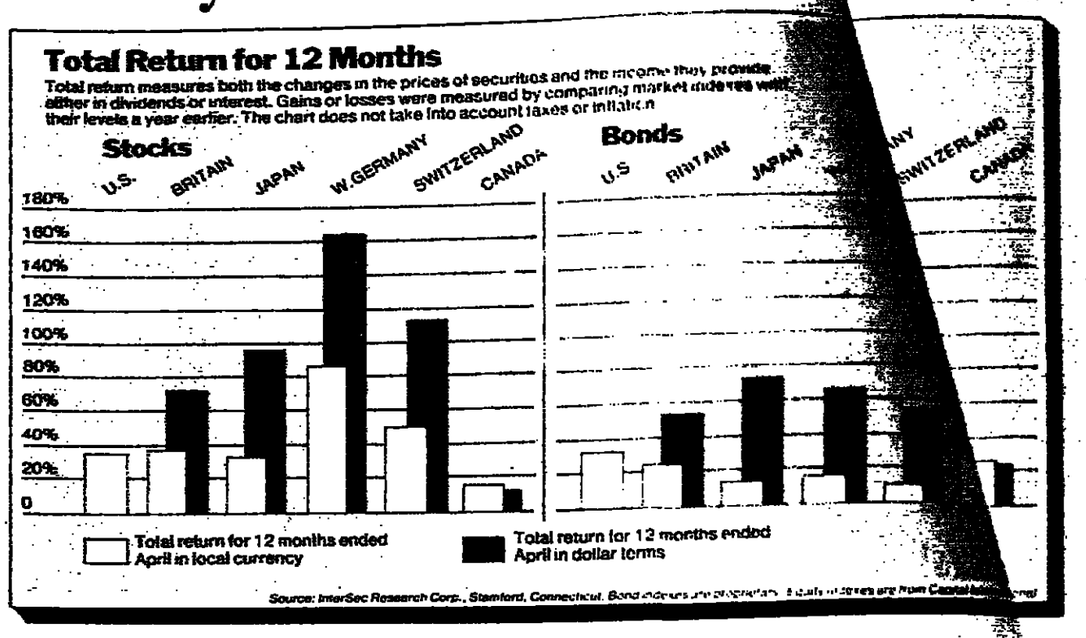
Beneath those figures lie further disparities. Mr. de Vismes says that Japanese companies whose business is primarily domestic could manage to post earnings increases averaging 10 percent, while the export sector may see profits drop as much as 20 percent to 50 percent. On Wall Street, the energy companies in the S&P 500 may show a drop in earnings of as much as 33 percent this year from 1985, Mr. Wien estimates, while the financial stocks' profits may be up 10 percent.

The cross-currents make it harder to say which of the major markets will perform best in the months ahead. Dollar-based investors who focus on major non-U.S. stocks probably still stand to make some currency gains on the dollar's tendency to weaken. But whether those markets will outperform Wall Street is "going to be a very close call," says Mr. de Vismes.

One of the major themes in the U.S. and Japanese markets is consumer-oriented stocks. In this view, the drop in oil prices and interest rates has had the effect of a massive tax break, lifting disposable income worldwide. "The thing you want to bet on is the consumer," says Robert A. Simms, chairman of Simms Capital Management. Bolstering that strategy is the tax revisions moving through Congress, which are seen by several analysts as likely to add to U.S. consumer spending.

Among U.S. stocks, this translates into an emphasis on retailers, leisure companies, food and beverage companies and automakers. Recent recommendations by Dean Witter included Dayton Hudson Corp., the department store chain, and RJR Nabisco, Sara Lee Corp. and Quaker Oats Co., all major forces the food and beverage business. Among autos, Ford Motor Co. and Chrysler Corp. are mentioned frequently.

If clearer signs of a U.S. economic pickup emerge, strategists can be expected to move more money into such cyclical industries such as chemicals, machine goods and technology. Many of these companies stand to benefit from a weaker dollar. Already, some market watchers see selective opportunities in these recovery-sensitive stocks. Mr. Wien recently added Monsanto Co. to Morgan Stanley's recommended list. The real bellwether for such a move, though, will be the technology stocks, says Mr. Wellman.



Henry B.W. de Vismes

While the weaker dollar has raised the level of confidence for Wall Street, the yen's rise has enlivened the debate over Tokyo's prospects. Some portfolio managers, already convinced that the Japanese market is too pricey, have dumped shares, especially the export stocks.

Some managers feel that the currency factor is overdone. "We think both the Japanese and foreigners are paranoid about the impact of the yen," says Walter Oechsle, chief investment officer of Putnam International. Investors still can find good stocks if they look for companies that dominate their industry worldwide, he says. One example, he says, is Kyocera Corp., a maker of ceramic integrated circuit packages.

Specialty retailers continue to enjoy favor and not just as alternatives to export stocks. Christopher M. Mitchinson of Salomon Brothers says that Japanese consumers feel flush thanks to higher wages and a near-zero inflation rate. "There's tremendous demand for fashion clothes and consumer electronics," he says. He cites Joshin Denki Co., an electronics chain, as an example of the kinds of companies that are profiting from Japan's consumer boom.

BUT IT is Europe that offers the best example of the problems facing investors in adjusting strategies. "We've shifted gears somewhat," says Mr. Oechsle. Last year, Putnam emphasized cyclical stocks such as Volkswagen AG in West Germany, Michelin in France and Montedison SpA in Italy, but now "they've pretty much had their day," he says. Some of these stocks had enjoyed a windfall from the strong dollar.

While Mr. Oechsle is on the lookout for "more predictable growth situations," he acknowledges that "they're hard to find."

Mr. Wellman of Alliance, who feels many European stocks still offer value on a cash-flow basis, has turned up prospects among Dutch publishing companies, such as VNU and Wolters-Samson. Mr. Butts, who calls Amsterdam the most undervalued market in Europe, holds Unilever, the consumer giant; Amro, a major bank, and Bredero, an international construction and property concern.

Speculation about elections in Japan, Britain and West Germany may bring on further bouts of nervousness this summer. In August, Mr. de Botton notes, investors may begin to adjust their portfolios as the first half's corporate results start to roll in. But money managers say such short-term worries should not obscure the long-term positives. Few would complain about modest growth with low inflation and interest rates. Looking beyond the current unease, says Mr. de Vismes, "It's hard to be bearish." ☐

Behind the Jitters In Bond Markets

THE fortunes of equity and bond market have been linked through much of the rally. So it is not surprising to see world bond markets going through a period of uncertainty that mirrors the shakiness in stock markets.

Like stocks, bonds advanced smartly through much of the first half. In the period ending May 23, total return in dollars for U.S. government bonds was about 7.5 percent, for Deutsche mark bonds 10.4 percent and for yen bonds an impressive 23 percent. Most professional investors believe that non-dollar bonds in particular have more gains ahead as interest rates fall again. But sitting on such profits, it is little wonder that the markets have been bad-news vulnerable.

One letdown came after the May economic summit in Tokyo, when a widely expected round of world interest rate cuts failed to materialize. Instead, the bond market got caught in the political cross-fire over the yen-dollar rate. U.S. officials were widely perceived as letting the dollar fall against the yen to pressure Tokyo into interest rates cuts and economic stimulation. In turn, fears arose that the dollar's fall would reduce the Japanese appetite for U.S. government bonds, driving up rates.

In fact, the Japanese took up a healthy portion of U.S. securities and the dollar rebounded. But fresh anxieties arose as U.S. economic indicators gave vague signals of a second-half rebound, which could drive up credit demand and interest rates. Then, Federal Reserve Chairman Paul A. Volcker resurrected the inflation issue, warning that the favorable effects of lower oil prices could not continue indefinitely and that a weaker dollar eventually would put upward pressure on U.S. prices. Bonds slumped.

Despite resistance in Tokyo and Bonn, money managers still believe that interest rates there will travel lower in the next few months and that the Fed will follow. "There's still scope for rates to fall," affirms Stephen Butt of Morgan Stanley Asset Management in London. Inflation is virtually nil in both Japan and West Germany, leaving real interest rates high, and their economies still are somewhat sluggish.

But the timing is less certain now. "Our feeling is that the Japanese will not cut prior to the elections in July," says Calvin Puckett of Simms Capital Management in New York. Robert L. Thomas, an economist at W. Greenwell & Co. in London, notes that Bonn also feels restrained because the Deutsche mark is at the bottom of its permissible level in the European Monetary System.

It is possible, says Mr. Thomas, that Britain may lead the way to lower rates. In any event, he says, "It's very difficult, given the position of the dollar, for the U.S. to lead any reduction." A sharp sell-off of the dollar could feed U.S. inflation fears, and complicate the Fed's credit policy. ☐

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Sw.Fr. Dep.	SFr.	5.044	3.66
N. American	$	1.45	0.50
Japan	$	3.23	0.00
Pacific Basin	$	1.91	0.00
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British	£	1.59	2.00
Sterling Gilt	£	1.19	9.50
Intl. High Income	$	1.17	9.50
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CURRENCIES

Betting on the Canadian Dollar's Comeback

A policy shift has changed the market's view.

By Bruce Hager

Toronto

FOR years it was dismissed as the "North American peso" and, as if living up to its image, it headed south against the U.S. dollar when most currencies surged last autumn. Yet the sleepy Canadian dollar has suddenly begun to perform, and the consensus among currency experts is for further appreciation over the next few months.

After slipping to a historic low of 69 cents to the U.S. dollar last March, the Canadian currency has climbed to about 72 cents. Most analysts believe that it finally has entered a period of prolonged stability. Some are even predicting that it could reach 78 cents or higher by the end of the year.

The investment community has been quick to take note. Peter Brandt, head of Factor Trading Co., a Nisswa, Minnesota firm that speculates in currency futures, said that he was bearish for 10 years. "Now's the first case technically that can be made for going long," Mr. Brandt says. "My indications show that there's a very strong chance of going into the low 80s."

And on the Toronto Stock Exchange, which has underperformed almost all of the world's bourses, analysts are seeing net foreign investment for the first time since 1980. Many investors reckon that Canadian shares are cheap relative to other markets because of the undervalued dollar.

American investors are traditionally big buyers, and "if the Canadian dollar goes up, and the U.S. dollar has stabilized, then fund managers in Europe will start to look at the Canadian market a little more closely," says Subodh Kumar, chief portfolio strategist for Wood Gundy, the big Toronto securities firm.

Moreover, experts believe that the Bank of Canada, unfettered by currency concerns, will have more maneuverability to lower interest rates. This prospect has not only stirred the stock market, but also has increased interest in Canadian bonds.

Michael R. Rosenberg, head of international fixed income research at Merrill Lynch, is telling clients to overweight global bond portfolios in favor of Canadian dollar instruments. Even though the Canadian dollar bonds represent only 3 percent to 5 percent of the capitalization of the world bond market, he suggests an allocation of 15 percent.

At first glance, the Canadian dollar seems an unlikely candidate for such attention. After trading at a premium of $1.04 in 1975, it trended lower for years, often depending on the talents of Canada's central bank to provide support through market intervention and higher interest rates. The Canadian dollar even missed out on the broad rally that carried the yen and European currencies higher after last September's decision by the Group of Five finance ministers to push down the value of the U.S. dollar.

Instead, it came under mounting pressure as oil prices declined. And with no evidence that Canadian authorities were resisting the trend, the speculation gained momentum last February and March, forcing the dollar below 70 cents. Economists blamed the crisis on a misperception in currency markets that the government was attempting to reflate the economy by massive and persistent devaluation.

It was not until the Bank of Canada widened the short-term interest rate spread with the United States to 500 basis points, or 5 percentage points, from 100 points did the dollar's tumble halt.

Although the spread has since narrowed to 200 points, the government's dramatic move demonstrated its commitment to maintain the dollar's stability. "The government is willing to take the political pain of very high interest rates" to support its currency, says John Grant, chief economist at Wood Gundy Inc.

Among the developments that have cheered the currency market since then has been the new budget adopted by the Progressive Conservative government of Prime Minister Brian Mulroney, which calls for a 16-percent reduction in the federal deficit, to 21.2 billion dollars, in the fiscal year that began April 1.

Experts have been talking about a turnaround since the autumn of 1984 when the Mulroney government took office with a promise of tighter fiscal control and a pledge to dismantle what were widely perceived as anti-business regulations imposed by the Liberal government of former Prime Minister Pierre Elliott Trudeau.

So far, Mr. Mulroney has deregulated the oil industry, while scrapping the National Energy Program that forced foreign oil companies to sell off huge chunks of their assets. He also has repealed the Foreign Investment Review Act, which had dramatically reduced capital inflows. But concern about the federal deficit — 30 percent higher than the U.S. deficit as a percentage of gross national product — has persisted.

After reducing the budget shortfall by only 11 percent in its first year in office, financial markets were questioning the government's resolve to cut costs, especially in light of Canada's steep 10-percent unemployment rate. But the latest budget "signaled that no one had to worry about Canada running loose in a fiscally irresponsible way," says Michael McCracken, president of Informetica Ltd., an economic research firm in Ottawa.

AP Wide World

Prime Minister Mulroney's budget signaled fiscal changes.

With budget doubts put to rest, the currency market now is focusing on other fundamentals. Most look encouraging. The long decline in commodity prices, especially oil, seems to be bottoming out. The economy grew at a robust 4.5 percent last year, making it the fastest-growing major industrialized nation. And while a slower pace is expected this year, the Canadian economy likely will continue to outpace most of its allies, including the United States. At the same time, inflation and interest rates have trended lower.

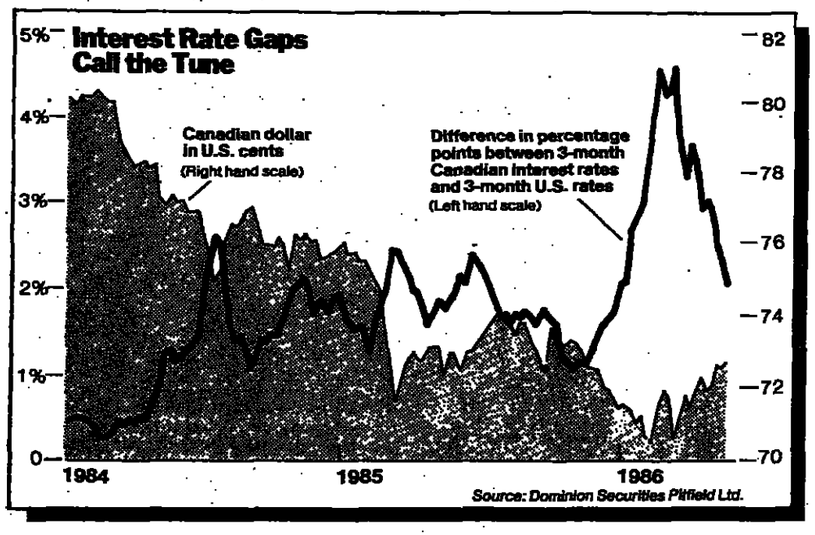
The Canadians also have managed to shrink their trade deficit to 2.6 billion dollars last year, a far cry from the 8-billion-dollar shortfall that burdened the country in the 1970s. The improvement largely stems from its heavy trade volume with the United States, which takes in about 80 percent of Canada's exports. Canada's trade surplus with the United States reached 7.1 billion dollars last year.

NOT surprisingly, the Reagan administration, under pressure to redress its own deficit problems, also would like to see a stronger Canadian dollar. Washington already has accused Canada of intentionally weakening its currency to gain an unfair trade advantage. Last month, the United States slapped a 35-percent tariff on selected Canadian lumber product imports. Canada has responded with protectionist measures of its own.

U.S. criticism has been particularly sharp since last month's decision at the Tokyo economic summit to expand the Group of Five to include Canada and Italy. In testimony before a Senate committee in late May, U.S. Treasury Secretary James A. Baker 3d said that part of the "price of admission" was that Canada would have to redress its exchange-rate problems. His comments have further propelled the Canadian currency.

How long the dollar's newfound stability will last is open to debate. Given its erratic history, more than a few analysts are skeptical that the dollar's current strength can be sustained beyond a few months. Most major Canadian banks believe that the dollar's growth will be labored at best, allowing for a short-term range of from 72 cents to 74 cents. "My judgment is that it's very close to its equilibrium," says Edward Neufeld, chief economist of the Royal Bank of Canada.

In the long run, some experts contend that the country's worrisome unemployment problem will inevitably outweigh the currency concern. "We are committed to creating jobs and tightening the deficit," says Richard Lesage, an economist at the Bank of Montreal. "The only way you can do that is by keeping monetary policy expansionary." □



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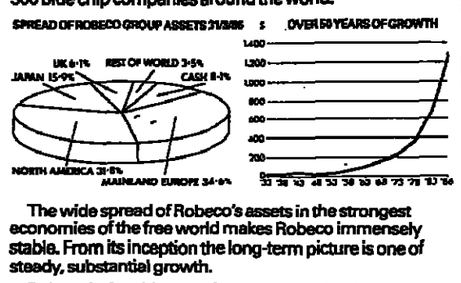

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Bank balances	1,556	Current liabilities		4,221
Receivables	5,953	Uncompleted contracts		
Investment and development properties	3,781	Invoiced sales from beginning of contracts	17,677	
	11,290	Accumulated expenses from beginning of contracts	−14,375	3,302
Other receivables	391			7,523
Shares and participations	4,127			
Machinery and equipment	883			
Fixed-asset properties	947	Long-term liabilities		3,772
		Untaxed reserves		4,558
		Capital stock		617
		Reserves		910
		Net profit for the year		258
Total SEK	17,638		Total SEK	17,638

Consolidated revenues 1985 – SEK 14,957 M

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BOURSES

London's USM Pins Hopes on Smaller Stocks

By Lynne Curry

London

IT HAS been a tough year for Stuart MacDonald. As manager of Britannia USM Fund Ltd., an offshore fund that specializes in the spirited Unlisted Securities Market, he has so far been unable to match the performance of the *London Stock Exchange. In the first quarter of the* year, the Financial Times All Share Index gained almost 20 percent, while his fund was up only 6.5 percent.

A spate of huge mergers and several large rights issues since the start of the year has shifted attention to the London Stock Exchange, somewhat dulling the speculative edge that is the USM's big drawing card. Trading volume has declined, new issues have been delayed and for most of the year, USM performance has lagged the FT Index.

Yet far from despondent, *Mr. MacDonald is more* optimistic than he has been in a long time. "There are only so many Distillers and Imperial groups that can be taken over," he says, referring to the big takeovers that dominated the market earlier in the year. "Attention is now likely to focus on the smaller companies at the bottom end of the market."

Indeed, now that they have digested the mergers and the big rights issues, *investors once again are* looking at the USM. And analysts expect interest will build in the next few weeks since underwriters traditionally introduce many new issues before the summer holidays in late July and August.

"Within the last month, the USM has begun to creep ahead of the main market," notes Marian MacBryde, an analyst at Hoare Govett Ltd. "It is running faster than the main market, which is looking much soggier."

The difference became obvious in May. The Datastream USM Price Index virtually held steady, slipping only 0.25 percent during the month and would have ended even better had some bright per-

AP Wide World

Manhattan pedestrians sample Mrs. Fields cookies. The offering flopped but the market outlook seems healthy.

formers not graduated to the main market. By contrast, the FT index fell 3.36 percent last month.

Of course the month was not without its disappointments. The highly publicized launch of Mrs. Fields Inc., the American chocolate chip cookie store operator, turned out to be a flop. About 29.7 million shares were offered at 140 pence a share, making the market capitalization about £210 million ($3.14 million). *Mrs. Fields still is the biggest company on the* USM, even though 84 percent of the offering remains with the underwriters, J. Henry Schroder Wagg & Co., the British merchant bank, and Goldman Sachs International.

Some analysts suggested that the poor showing was *symptomatic of the problems confronting the* market this year. Indeed, on the day of offering, National Westminster Bank PLC made the biggest rights issue ever seen on the London market. But others blamed the poor response to Mrs. Fields on the issue's high price, skepticism about the wisdom of the company's plan to open shops outside the United States, its complicated tax picture and doubts about *its high profit forecast. "There was an air of 'we need* to be convinced,' " says Miss MacBryde.

Few analysts expect the failure of Mrs. Field's flotation to curb the number of American companies seeking a USM listing, which is cheaper and requires less onerous financial reporting than that demanded by the Securities and Exchange Commission in the United States. In fact, some American issues have done quite well. Pacer Systems Inc. of Burlington, Massachusetts, which manufactures electronic defense systems, has risen to 195 pence from 170 pence in slightly less than a year.

And some of the Britannia Fund's leading performers are attracting attention, including: Blue Arrow PLC, a personnel recruitment company; Aspen Communications PLC, which provides communication tools to corporations; and Meadow Farm Products, which supplies meat to caterers.

Whether the USM rally can be extended is difficult to say. Analysts expect to see intense activity on the market in July, but they believe it will subside as October's deregulation approaches.

Some analysts see problems ahead for the USM, with more brokers attracted to a revitalized main market after it switches over to a system of competing market makers, similar to the over-the-counter market in the United States. The result may be that some brokers will stop dealing in the less active stocks on the USM, which could harm the competitive pricing ability of the market.

Wedd Durlacher Mordaunt & Co., a London market maker, has decided to halt trading in about 50 USM stocks. It believes that it will be unable to compete effectively with brokers who introduced the new issues to the market. The company stressed, however, that it still is dealing in about 60 USM stocks and has not abandoned those companies where there would only be one market maker left. "There will be a rush to get there before 'Big Bang,' " says Alistair Alcock, a partner in Phillips & Drew. "We don't know what will happen afterwards." □

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SOMETHING DIFFERENT

Salvaging A Sale of Porcelain

By Terry Trucco

London

IT WAS dubbed *the sale of* the decade, or at the very least, the year. And by conventional wisdom, it should have had a huge impact on the market for 18th-century Chinese export porcelain. But the fierce bidding and spectacular prices that marked Christie's successful auction of the vast cargo of the Geldermalsen, a Dutch East India trading ship lost 234 years ago in the South China Sea and salvaged last year, have hardly stirred the market for the handsome blue-and-white dinnerware that China made for the West.

A month after April's much ballyhooed "Nanking Cargo" sale in Amsterdam, another Christie's auction in London featuring similar works was "patchy," says Colin Sheaf, deputy director of Chris*tie's Chinese art department. And* dealers report no new customers for the market's usual wares.

The successful sale of more than 150,000 pieces in a market where *items are far from rare, and the* record prices they fetched — including 812,000 guilders ($332,786) for a 380-piece dinner service initially estimated at 150,000 guilders — points up a curious development in the Chinese export porcelain market. It was not the allure of Chinese handicraft that drew collectors to Amsterdam. As London dealer Michael Cohen of Cohen & Pearce Oriental Porcelain points out: "What those buyers are interested in is cargo from shipwrecks."

Indeed, it became obvious dur*ing the week-long Amsterdam sale* that scores of collectors were more intent on buying objects for their historical value. Geldermalsen cargo was not especially distin*guished, comprised of run-of-the-*mill, mass-produced tableware, a staple of small antiques shops that normally is priced as modestly as $75 for a dinner plate. In contrast, plates from the salvaged ship were in the $500 range. "We had no idea the sale would go the way it did, and I would not have had the courage to advise investors to buy," Mr. Sheaf says.

Shipwreck collecting is still an embryonic field at best, and its investment potential is uncertain. The only recent sea cache prior to the Nanking Cargo was the contents of a 17th-century Chinese junk. Its 23,000 pieces, mostly blue-and-white porcelain, sold tepidly at a first auction just three years ago, but drew much better prices at three subsequent auctions in 1984 and 1985.

Both the junk and the Geldermalsen were retrieved by Michael Hatcher, a one-time salvager of such glamourless World War II cargos as rubber and tin, who by chance discovered the sunken Chinese junk laden with porcelain. Calling himself a commercial marine archaeologist, he now hopes to continue dredging up sunken treasures, despite concern from a chorus of scholars and historians who have condemned his methods, claiming historical data has been lost.

The attractions of shipwreck collecting are fairly obvious. With a wreck retrieval goes a story. Dealers say that in recent weeks, interest has grown in pieces from the first Hatcher find. Many, such as London dealer David Howard, already have taken orders from customers intent on getting something should the Hatcher crew find yet another ship.

Provenance also figures in. Shipwreck collectors can know precisely what craft their objects came from. In the Geldermalsen's case, the history was impressive. And provenance influences price.

Still, there is a lot of uncertainty about this new fringe market. Both shipwreck auctions failed to attract traditional Chinese export porcelain enthusiasts, most notably the Portuguese and Brazilians who are a market backbone and who favor flashy, bright-colored free-standing pieces as well as objects emblazoned with coats of arms. And with literally thousands of Hatcher finds now flooding the market, experts have doubts about the resale value.

"If people bought for souvenirs, those high prices are fine," says *Letitia Roberts, who heads Soth*eby's Chinese export porcelain department in New York. "But if they bought for investment purposes, some of the pieces will have to be 150 years old before they catch up with purchase prices." □

An underglazed blue and gilt dish, circa 1750, that was sold in Amsterdam.

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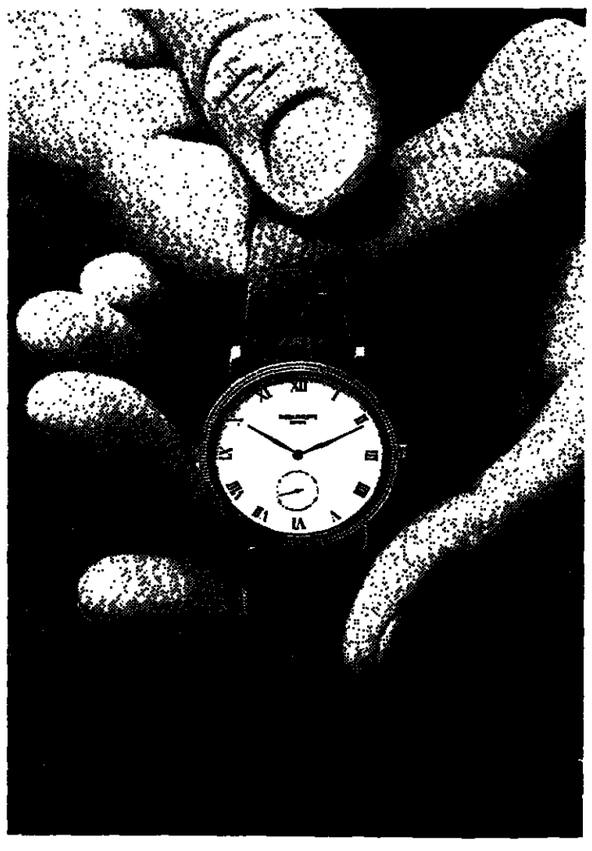

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oreigners gain Enticed y Helsinki

By Juris Kaza

Helsinki

INLAND stirs less than fond memories in some investors. Back in 1984, after many foreigners poured into Finnish "free" shares, the only kind they are allowed to chase, a glut of new issues by major banks sent the ket reeling. The foreigners learned an old lesson ut the hazards of small markets.

3ut memories fade and foreign buyers are back, ping to lift the market 60 percent since last sum- r. "Finland is doing quite well," reports Juhani na, managing director of Oy Unitas AB, a securi- brokerage owned by Union Bank of Finland. he Finnish economy is stable, inflation is going wn and Finnish shares are relatively cheap, even if es have gone up rather strongly."

t the end of April, turnover totaled 2.4 billion kkaa ($450 million), up 267 percent from the r-earlier period. Legislation is expected soon that l double to 40 percent the share of equity that mish companies may sell to foreigners. The ex- ange has adopted stricter trading rules, and compa- s are improving their financial reporting, says no Nikinmaa, Unitas' head of research.

"Liquidity today is totally different than it was in 84," asserts Kai-Gustaf Bergh, director of the aking division of Oy Bensow AB, a brokerage and ding company. But not everyone agrees. "I have en trying for weeks to get a £20,000 order for a rticular Finnish stock filled," complains one Lon- n broker.

Few would argue that the stock market bustles. used in a 1911 building just off Helsinki's main opping street, Esplanadi, daytime at the exchange embles a sedate Bingo game where, in roll-call ding, the mainly youthful traders sit at wooden sks pushing switches on a bidding system that tes from the 1930s and lights up numbers on a ard behind the trading leader and his assistants.

Mikael Sjowall, an analyst at London's Kleinwort ieveson Ltd., believes much recent buying has en in shares of Pohjola, the Finnish insurance mpany, by West Germans and other central Euro- an investors. With its extensive investments in her shares, Pohjola has been considered a way of directly taking a stake in a wide range of Finnish mpanies.

Unitas rates Pohjola cheap compared with other surance shares, but cautions that it might be diffi- lt to sell to domestic investors at current prices. ohjola is one of the few Finnish companies with all s equity in free shares.

Mr. Sjowall also is enthusiastic about Oy Stock- ann, a department store chain, and Amer Group, hich owns the Marimekko clothing and design mpany. Once best know for selling tobacco prod- ts in Finland, Amer has become the world's sec- nd-largest maker of ice hockey equipment. In 1984, acquired Finland's Toyota distributorship.

Unitas analysts also favor Oy Nokia AB, Finland's rgest private corporation, noting its recent empha- s on electronics and computer operations. Mikael ahlstrom, an analyst at Bensow, mentions Ford, e Finnish auto distributor that is 72-percent owned the U.S. company. "This one hasn't been discov- ed by the foreigners yet," he said. □

The owner of the White Horse Pub near Fleet Street in London empties a pint of his wares.

AP Wide World

Why British Brewers Are Thriving

By Bob Hagerty

London

THE BRITISH beer market is flat, and brewers are thriving. That paradox has emboldened several of London's top brewing analysts to recommend brewers' shares, even though the brewers already have risen about 20 percent faster than the market as a whole over the past year.

"The outlook has never been as positive for the brewing sector in the U.K.," says Michael Geering, chief brewing analyst at James Capel & Co. At de Zoete & Bevan, Tom Curran was almost as enthusiastic: "All we really wait for now is a favorable burst of weather" to draw the British out of their homes.

By volume, British beer sales are 10 percent down from the 1979 peak, and analysts generally say that the long-term trend is flat to gently declining. But the major brewers are finding other ways to make money, as evidenced by profit growth running at 15 percent to 20 percent a year.

Such growth is possible because the brewers are wringing greater profit margins at the retail level from their public houses. For one thing, they are selling more lager, an item still considered exotic enough here to command a premium price over traditional ales and stouts. Last year, lager sales accounted for 41 percent of the beer market, up from less than 1 percent in 1960.

Having refurbished many of their pubs, the brewers also are drawing more customers for mixed drinks, wine and food. And high-profit amusement machines are soaking up many of the £1 coins that were introduced last year. (Previously, the biggest coin was worth 50 pence.)

Analysts cite several other reasons to expect further strong performance from the brewers:

■ The average Briton has more money to slide across the bar. James Capel expects a real, or inflation-adjusted, rise of 3.9 percent in individuals' after-tax income this year, up from 2.8 percent in 1985. Many beer analysts think that the British have had their fill of home electronic gadgets over the past few years and are ready to spend more on fleeting pleasures in the pubs.

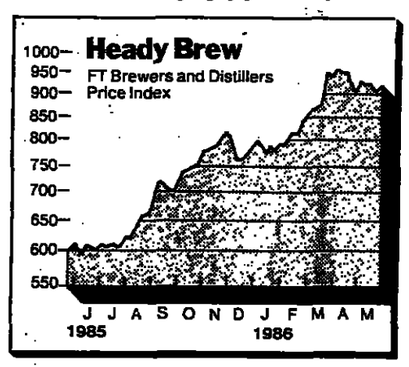
■ The government budget announced in March did not contain the usual duty increase on beer, wine and spirits.

■ Cost-cutting has left brewers in a position to profit heavily from any rise in sales.

■ Like other consumer-oriented shares, brewers tend to perform well in a weakening stock market as investors look for reliable earnings and strong asset backing. "In a nervous market, the brewers have traditionally provided a safe haven," says John Dunsmore of Wood Mackenzie & Co.

Despite those strong fundamentals, some analysts doubt that brewers can continue to excite the market after the roaring performance of the past 12 months. "The market has had the bullish story," argues Colin Humphreys of Scrimgeour Vickers & Co.

Another negative is that diversification has diluted the benefits of owning highly profitable pubs. For instance, analysts worry about the drop in tourist traffic at hotels owned by Scottish & Newcastle Breweries PLC and Grand Metropolitan PLC. Grand Met derives only about a fifth of its profits from brewing.



The most widely recommended share among the brewers is Bass PLC, which is the largest and least-diversified. One analysts called Bass "a boring old brewer who is doing it right and not cocking it up with diversification."

Bass also is almost universally deemed the best-managed British brewer. "Bass is simply the quality play," says Stephen Whittaker, a fund manager at Save & Prosper Group who is bullish on brewers in general.

Several leading analysts also are strongly recommending Whitbread & Co. and Allied-Lyons PLC, both of which have scope for recovery.

Allied remains under siege from Elders IXL Ltd., an Australian conglomerate. The British government is expected to rule in September on whether Elders can proceed with its bid, valued at £1.8 billion when it was announced last autumn, but it is unclear whether Elders would renew its bid if it gets British approval.

Partly to make itself less digestible, Allied agreed in April to buy the spirits and wines division of Hiram Walker Resources Ltd. for 2.6 billion Canadian dollars. That purchase would give Allied such brands as Canadian Club whiskey, Beefeater gin, Kahlua coffee liqueur, Courvoisier cognac and Ballantine's Scotch. But Gulf Canada Corp., which acquired control of Hiram Walker after agreement was reached on sale of the spirits and wine business, now is seeking to block that transaction in the Canadian courts.

Daniel O'Shea, an equity specialist at M&G Group PLC, a big London fund-management concern, said that Allied probably is underrated even in the absence of a possible takeover bid. The bid threat, he says, will sharpen Allied's management. □

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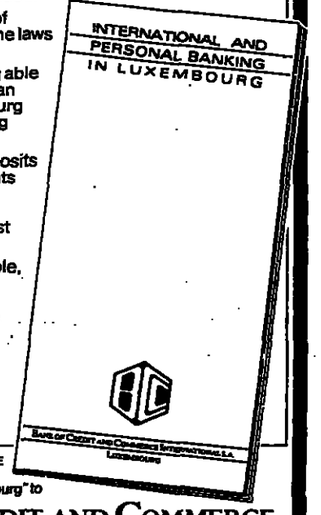

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Blind Pools: For Dedicated Speculators

Continued From Page 11

ack orders for our products," ays Mr. Hamilton.

Experienced investors generally teer clear of blind pools. Even ose who actively trade in the enny stock market consider blind ools questionable. "Basically ou're saying to a company, here's y money, you do what you want ith it," says Bill Mathews, editor f the Northlake, Illinois-based ewsletter, The Cheap Investor. We can't endorse that."

Yet, the public's appetite for speculation is hard to curb, especially when promoters point to the price performance of some pools. Take Metcom Inc., a Salt Lake City-based blind pool that went public in February 1985 and raised $200,000 by selling 20 million shares at a penny a piece.

A quick read of its prospectus would debunk any illusions about management. It states that Metcom's president is a carpet salesman; the company's vice president a high school graduate, also in the carpet business. Both officers, warns the prospectus, "have no experience in managing a public company."

Two months ago, Metcom changed its name to Digital Metcom, and announced a 20-for-1 reverse stock split as well as intentions to merge with a private company, Digital Products. Its stock, which has been rising over the past few months, took a roaring leap to $9 a share bid, the equivalant of 45 cents when adjusted for the split. That's a whopping 4,500-percent gain in little more than a year on a company that's not much more than an shell.

It is not usually the outside investor who profits from the price rumps. Rather, blind pools are typically set up to the advantage of the promoters. While some blind pools are legitimate vehicles for embryonic companies to raise capital, usually a large number of shares are held by insiders who paid a relatively small amount or nothing for them. When the shares are offered to the public, the insiders hype the investment and then reap most of the benefits of the price rise.

Predictably, the pools have often run afoul of regulators. Many try to skirt SEC scrutiny, registering within a single state and keeping their issues below $500,000. They have flocked to Nevada, Utah, New Jersey, Colorado and Florida, which are known in the securities industry for their more lenient regulatory environment.

"In blind pools, the sky's the limit as to what you can promise about what a company is going to do. All you have to do is create an artificial environment," says John Baldwin, director of Utah's securities division. "Meanwhile for the small guy who buys in, it's like a chain letter. He's bought in late at a high price and is left holding the bag." Such market manipulations prompts Philip Feign, Colorado's assistant securities commissioner to dub blind pools, "death pools."

Some analysts contend that less than 1 percent of today's blind pools will ever take off, making any gains at best, short term. Back in 1983, 180 blind pools were cleared for intrastate registration in Utah. To date, nearly 30 percent of them are dormant or have simply disappeared, according to Mr. Baldwin.

The rise of blind pool activity has the SEC and state officials worried. Utah began a crack down on intrastate blind pools last February. New Jersey and Florida are following suit.

In one day last April, the SEC suspended four Salt Lake City pools from operation. The SEC alleged that Thomas J. Keast Enterprises, Brian V. Hanson Enterprises, Ramras Inc. and Tobin R. Cowly Inc., failed to disclose a major stockholder in each pool identified by the commission as George I. Norman III.

Last March a joint task force with representatives from the SEC, the National Association of Securities Dealers and several state security commissions began investigating alleged abuses in the penny stock market. So far, some 25 blind pools are under scrutiny.

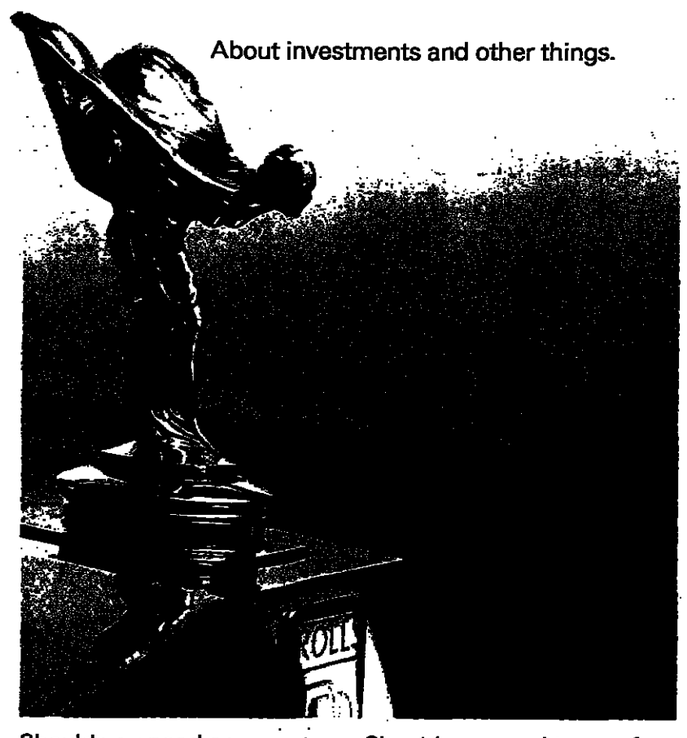
"We're just beginning to have the understanding and ability to lash out," says Mr. Baldwin. "We're involved in a complicated investigation. Many of these people have been involved in blind pools for years. It's hard to catch up." □

Market Scoreboard

Stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in May.

	Percent Gain	Price May 29		Percent Loss	Price May 29
New York Stock Exchange: Compiled by Media General Financial Services. Prices in dollars					
Thrifty Corp.	45	37.88	Storage Equities	29	14.13
Plains Petroleum	42	24.63	Radice Corp.	28	12.00
Healthcare USA	38	11.88	Royal Int'l Optical	26	10.13
Sperry Corp.	36	74.88	Southern Union	21	16.75
Safeguard Scientific	33	14.00	Integrated Resources	20	27.50
Roper Corp.	33	38.38	Cleveland Cliffs	19	14.75
Borman's	31	19.88	Financial Corp., Santa Barbara	18	12.88
Ocean Drilling & Expl.	31	14.88	Sea Containers	18	24.88
Rubbermaid	30	56.50	Southmark Corp.	16	10.38
Shaw Industries	30	22.00	Arrow Electronics	16	11.00
American Stock Exchange:					
C.H. Masland & Sons	85	70.25	Greenman Brothers	30	20.25
Consolidated Stores	50	36.00	Angeles Corp.	28	10.13
Seaboard Corp.	49	144.75	Trans Lux	19	10.75
Lynch Corp.	48	28.50	Aloha	18	19.75
Lee Pharmaceuticals	44	27.25	Glenmore Distilleries	17	25.00
Over the Counter:					
C.O.M.B.	76	43.75	Iomega Corp.	42	11.25
Olson Industries	67	25.00	Quantum Corp.	27	18.00
JWP	57	26.25	Calny	24	10.25
BNH Bancshares	52	32.00	Chemlawn Corp.	24	22.75
Cherokee Group	52	29.00	Interand	23	11.00
London Stock Exchange: Compiled by Morgan Stanley Capital International. Prices in pence.					
Dowty Group	24	241	Bank Ireland (Ir.)	18	420
Telephone Rentals	12	233	British Comm.	17	293
Int'l Thomson	9	534	Hambros	16	216
Allied-Lyons	7	336	Storehouse	16	290
Tricentrol	7	60	STC	15	136
Northern Engineering	7	107	W.H. Smith & Son A	15	268
Taylor Woodrow	7	651	National Westminster	15	760
Shell Trading	6	793	BSR International	15	111
Costain Group	6	558	Dalgety	14	260
Sears Holding	6	135	Farnell Electronics	14	183
Tokyo Stock Exchange: Compiled by Morgan Stanley Capital International. Prices in yen.					
Showa Denko	60	425	Sumitomo Metal Mining	13	1,810
Takashimaya	48	1,000	Nippon Kogaku	12	1,060
Seibu Railway	39	4,950	NGK Insulators	10	963
Kuraray	36	1,910	Osaka Titanium	10	1,850
Yasuda Trust	34	1,340	Omron Tatelsi	10	1,490
Wacoal	28	1,290	Fujitsu	10	1,020
Daimaru	27	561	Tokyo Electric	9	1,180
Asahi Breweries	25	780	Jeol	9	1,300
Mitsukoshi	24	1,090	NCR Japan	9	2,340
Sanyu Pharmaceutical	23	1,090	Hitachi Maxell	9	2,720

ADVICO



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NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Chicago Exchange Options

Figures as of close of trading Friday.

American Exchange Options

Figures as of close of trading Friday.

(Continued on next page)

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued)

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Last Week's AMEX

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
HmHar	37912	14¼	9⅛	13⅞	+4½
Wickes	35425	6⅛	5⅞	6	— ⅛
LorTel n	19436	31	27⅜	28	—2⅜
TIE	18261	6½	5¼	6½	+1⅛
DomeP	16740	1⅝	1	1	— ⅛
FAusP n	13396	10½	9⅞	9⅞	— ⅜
BAT	12803	5⅜	5⅜	5⅝	+ ⅛
TexAir	11621	40⅞	36⅞	37	—1⅛
AM Intl	11110	8½	7⅞	7⅞	— ½
InstSy	10897	2½	1¾	2¼	+ ⅜
WangB	10153	17⅞	14⅜	17½	— ⅜
PhilLD	10093	5¼	3⅞	5⅛	+1½
IntBknt	9654	8¼	7⅛	7⅞	+ ⅜
AExFF wt	9510	4⅞	3⅝	4½	— ¼
Amdahl	8993	17¼	15⅛	16⅝	+ ¼
TotlPt g	8613	20⅛	19	20	— ⅜
HrnH wt	8112	4⅜	⅞	3½	+2⅝
KeyPh	7530	20⅝	19⅛	20⅛	+ ¼
HmeSh n	7361	72	58	69⅝	+5⅝
HmeG n	7209	29	25½	26⅞	—2⅝
DeLau n	6675	19¼	16	17⅝	
Maytiw	6430	29½	29	29¼	+ ⅛
TrnBd pf	5043	8½	8⅛	8½	+ ⅜
IntBk wt	4955	3⅛	2⅜	2⅞	— ⅜
Greenm	4678	24	19⅞	23⅝	+3⅝

AMEX Sales

	Sales Vol.
Total for week	58,110,000
Week ago	48,670,000
Year ago	39,250,000
Jan 1 to date	1,434,340,000
1985 to date	937,200,000
AMERICAN BONDS s	
Total for week	17,750,000
Year ago	16,410,000

AMEX Diaries

	This Wk	Last Wk
Advanced	352	422
Declined	433	356
Unchanged	134	146
Total Issues	919	924
New Highs	100	92
New Lows	24	21

Treasury Bills

Figures as of close of trading Friday

Hi	Lo	Mat	Bid	Ask	Yld	Chg
7.63	5.73	Jun 12 86	6.78	6.72	6.82	+.09
7.31	5.65	Jun 19 86	6.68	6.62	6.72	—.02
7.26	5.61	Jun 26 86	5.90	5.84	5.94	—.02
7.31	5.78	Jul 03 86	6.26	6.22	6.33	
7.64	5.80	Jul 10 86	6.27	6.23	6.35	—.13
7.28	5.77	Jul 17 86	6.32	6.28	6.41	—.10
7.27	5.72	Jul 24 86	6.32	6.28	6.42	—.10
7.26	5.75	Jul 31 86	6.30	6.26	6.40	—.08
7.67	5.75	Aug 07 86	6.33	6.29	6.44	—.10
7.17	5.74	Aug 14 86	6.34	6.30	6.46	—.09
7.17	5.75	Aug 21 86	6.34	6.30	6.47	—.09
7.06	5.73	Aug 28 86	6.32	6.28	6.46	—.12
7.64	5.64	Sep 04 86	6.32	6.30	6.49	—.19
6.60	5.76	Sep 11 86	6.32	6.28	6.47	—.16
6.56	5.78	Sep 18 86	6.34	6.30	6.50	—.12
6.49	5.77	Sep 25 86	6.36	6.30	6.49	—.16
7.52	5.83	Oct 02 86	6.37	6.31	6.53	—.20
6.51	5.82	Oct 09 86	6.38	6.34	6.57	—.11
6.52	5.81	Oct 16 86	6.35	6.29	6.52	—.13
6.62	6.06	Oct 23 86	6.36	6.32	6.56	—.16
7.51	5.78	Oct 30 86	6.35	6.33	6.58	—.17
6.53	6.05	Nov 06 86	6.36	6.32	6.58	—.17
6.54	6.06	Nov 13 86	6.38	6.34	6.01	—.16
6.57	6.21	Nov 20 86	6.39	6.35	6.63	—.16
7.41	5.83	Nov 28 86	6.40	6.36	6.66	—.16
6.57	6.52	Dec 04 86	6.52	6.50	6.81	
7.40	6.76	Dec 26 86	6.32	6.28	6.58	—.18
7.27	5.83	Jan 22 87	6.37	6.33	6.64	—.16
7.16	5.83	Feb 19 87	6.40	6.36	6.69	—.19
6.62	5.82	Mar 19 87	6.42	6.38	6.73	—.17
6.63	5.79	Apr 16 87	6.41	6.39	6.76	—.17
6.62	6.25	May 14 87	6.42	6.40	6.82	—.18

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BOOKS

AFTER THE NIGHTMARE: A Survivor of the Cultural Revolution Reports on China Today

By Liang Heng and Judith Shapiro. 240 pages. $16.95. Alfred A. Knopf, 201 East 40th Street, New York, N. Y. 10022.

Reviewed by Jonathan Yardley

TWENTY years ago, the Great Cultural Revolution was officially begun in China. Its ostensible purpose was to purify the nation by silencing those who failed to place their toes precisely on the Maoist line, but its effect was to plunge China into a decade and a half of terror that is likely to haunt it for generations.

One of its victims was a young man named Liang Heng, a native of the southern city of Changsa whose father, an ardent Maoist, was somehow determined to be a dissident, a label that quickly found its way to his son. But Liang proved a resourceful and intelligent fellow, and a lucky one as well; a talent for basketball helped insulate and then he fell in love with Judith Shapiro, an American who was teaching in Hunan.

In 1980 Liang and Shapiro married, and the following year they were permitted to move to the United States; in 1983 they published a fine account of Liang's early life, "Son of the Revolution." They live in New York, where Shapiro is a free-lance writer and Liang — now an American citizen — edits a quarterly publication called The Chinese Intellectual, which among other things seeks to promote goodwill and understanding between China and the United States. Perhaps because he occupies this potentially influential position, Chinese officials have kept silent about the critical portrait he painted of his homeland in his autobiography; in 1984 an official at the Chinese Embassy in Washington surprised him by saying that since "great changes for the better were under way in China . . . it was high time I go back and have a look for myself."

So in the winter of 1985 Liang and Shapiro went back: for an emotional meeting with his father and mother in Changsha, for an extensive tour of Beijing, Shanghai and Guangzhou for visits to distant rural areas from which they were supposedly barred, for conversations with Chinese at almost every level of society. What they found, as described in "After the Nightmare," can only be described as extraordinary. There is no way of knowing, as they point out, whether the reforms authorized by Deng Xiaoping will have a lasting effect or will prove only a brief respite from China's long history of feudalism, but there can be no question that at the moment the reforms have altered daily life in China to a degree that no one could have predicted even as recently as when Liang left China, five years ago. His description of them in "After the Nightmare" is authoritative, vivid and sympathetic, but scarcely Panglossian.

The reforms are complex and sweeping, but they can be divided into two broad categories: those that undo the political repressions of the Cultural Revolution, and those that relax the clumsy grasp of the bureaucracy and the Communist Party on the Chinese economy. Of the former, Liang encountered many moving examples, the first being that of his ailing father, restored from disgrace to a position of respect at his beloved newspaper and permitted to move, after a bit of lobbying by Liang, into a comfortable apartment.

Two old friends, Peng Ming and Tao Sen, had emerged from imprisonment and were making their way into the new entrepreneurial economy; Tao, the erstwhile "radical democrat," to Liang's astonishment was now working on a plan "to build a small tourist hotel with an attached museum" featuring the work of a noted painter. The freedom to undertake such an enterprise was granted Tao by the economic reforms, which even more than the political ones have opened a new age in China.

Everywhere he went, Liang encountered individual instances of the "enormous political and social ramifications" of the reforms. One of these was a poor woman, Mrs. Xiao, who did not know precisely what she wanted to do but knew one thing for certain: "What I want to do now is to go into business and make some money!"

This is not to say that in the China of Deng Xiaoping, Liang found the new Elysium. Talking with one woman Liang realized that "the nightmare was over and the terror was past, but how could Mrs. Yang's scars and those of thousands of Chinese families ever truly heal?" At a rural community he reflected bitterly that "life in this backward, primitive northern countryside seemed heartlessly cheap." Over and again he found that "in a land where personal relations had long overridden law," a person's "connections" still mattered more than anything else; "I'd like to go into washing machines," one man told him, "but in China you can't drink a glass of hot water without connections."

It concerns Liang that the new government "could ask the Chinese people to put the Cultural Revolution out of their minds and focus on a glorious, sunshine-filled future." Over and again he emphasizes that the lessons of that terrible time must be learned and never forgotten, because "what had been our greatest misfortune was also our greatest hope, for it offered us a chance to understand, as a nation, the great urgency of liberating ourselves from our tragic past." It is toward understanding that history, as much as toward depicting the new China, that "After the Nightmare" is directed.

Jonathan Yardley is on the staff of The Washington Post.

WEATHER

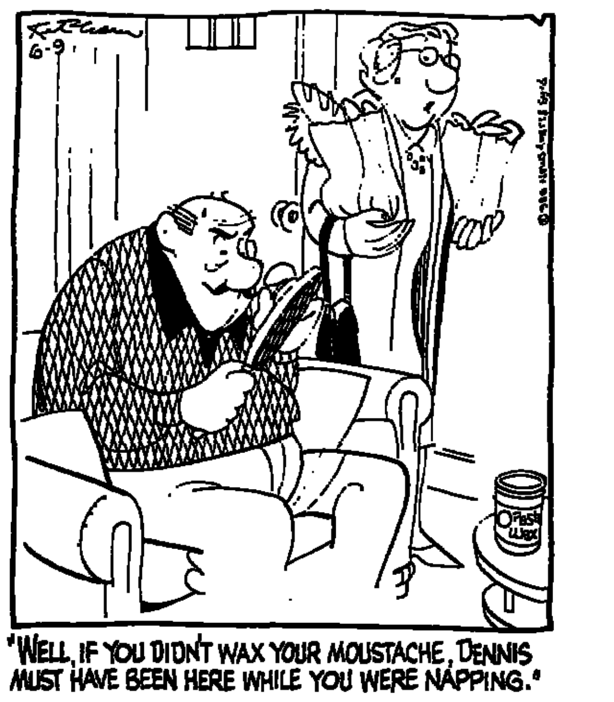
EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Algarve	23	73	15	59	fr
Amsterdam	12	54	7	45	o
Athens	29	84	22	72	cl
Barcelona	19	66	14	57	cl
Belgrade	20	68	13	55	o
Berlin	12	54	9	48	o
Brussels	14	57	11	52	o
Bucharest	19	66	18	64	sh
Budapest	19	66	11	52	fr
Copenhagen	12	54	9	48	sh
Costa Del Sol	21	70	17	63	o
Dublin	14	57	7	45	o
Edinburgh	15	59	6	43	o
Florence	25	77	9	48	fr
Frankfurt	16	61	8	46	cl
Geneva	18	64	6	43	fr
Helsinki	19	66	8	46	fr
Istanbul	28	82	20	68	o
Las Palmas	24	75	18	64	fr
Lisbon	24	75	14	57	fr
London	16	61	10	50	o
Madrid	27	81	9	48	fr
Milan	23	73	10	50	fr
Moscow	25	77	19	66	o
Munich	16	61	6	43	cl
Nice	22	72	13	55	fr
Oslo	13	55	11	52	sh
Paris	20	68	12	54	cl
Prague	16	61	7	45	cl
Reykjavik	9	48	7	45	cl
Rome	23	73	9	48	fr
Stockholm	15	59	8	46	o
Strasbourg	17	63	9	48	o
Venice	22	72	10	50	fr
Vienna	16	61	6	43	o
Warsaw	18	64	10	50	cl
Zurich	18	64	9	48	cl
MIDDLE EAST					
Ankara	27	81	10	50	cl
Beirut	—	—	—	—	na
Damascus	—	—	—	—	na
Jerusalem	31	88	20	68	fr
Tel Aviv	34	93	19	66	cl
OCEANIA					
Auckland	14	57	11	52	cl
Sydney	21	70	15	59	fr

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	34	93	27	81	o
Beijing	36	97	25	77	fr
Hong Kong	25	77	24	75	r
Manila	33	91	29	84	fr
New Delhi	40	104	28	82	fr
Seoul	27	81	20	68	fr
Shanghai	25	77	21	70	fr
Singapore	30	86	26	79	o
Taipei	24	75	22	72	o
Tokyo	23	73	20	68	fr
AFRICA					
Algiers	25	77	11	52	fr
Cairo	42	108	27	81	fr
Cape Town	20	68	5	41	fr
Casablanca	23	73	14	57	cl
Harare	15	59	8	46	cl
Lagos	29	84	23	73	o
Nairobi	21	70	11	52	cl
Tunis	24	75	15	59	cl
LATIN AMERICA					
Buenos Aires	13	55	9	48	o
Caracas	20	68	7	45	cl
Lima	18	64	15	59	r
Mexico City	26	79	13	55	fo
Rio de Janeiro	—	—	—	—	na
NORTH AMERICA					
Anchorage	16	61	9	48	cl
Atlanta	32	90	22	72	pc
Boston	27	81	15	59	sh
Chicago	26	79	16	61	pc
Denver	27	81	14	57	st
Detroit	26	79	18	64	cl
Honolulu	31	88	22	72	pc
Houston	31	88	24	75	st
Los Angeles	24	75	15	59	pc
Miami	32	90	25	77	pc
Minneapolis	26	79	12	54	fr
Montreal	22	72	9	48	fr
Nassau	28	82	24	75	sh
New York	27	81	18	64	r
San Francisco	25	77	12	54	fr
Seattle	20	68	11	52	pc
Toronto	18	64	12	54	cl
Washington	35	95	21	70	pc

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Cloudy. Temp. 18—10 (64—50). LONDON: Rain. Temp. 17—11 (63—52). MADRID: Fair. Temp. 27—12 (81—54). NEW YORK: Thunderstorms. Temp. 30—18 (86—64). PARIS: Cloudy. Temp. 21—12 (70—54). ROME: Cloudy. Temp. 23—13 (73—55). TEL AVIV: NA. ZURICH: Cloudy. Temp. 20—10 (68—50). BANGKOK: Showers. Temp. 34—27 (93—81). HONG KONG: Rain. Temp. 28—24 (82—75). MANILA: Fair. Temp. 33—25 (91—77). SEOUL: Fair. Temp. 28—16 (82—61). SINGAPORE: Thunderstorms. Temp. 31—26 (88—79). TOKYO: Foggy. Temp. 25—16 (77—61).

DENNIS THE MENACE



"WELL, IF YOU DIDN'T WAX YOUR MOUSTACHE, DENNIS MUST HAVE BEEN HERE WHILE YOU WERE NAPPING."

Mutual Funds

Figures as of close of trading Friday

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

[illegible]

NL—No initial sales load. †—Previous day's quote. r—Redemption charge may apply. x— Ex dividend.

SPORTS

West Germany Tops Scotland; Belgium, Poland, Spain Win

Compiled by Our Staff From Dispatches

QUERETARO, Mexico — West Germany came from behind to beat Scotland, 2-1, in a gripping Group E game Sunday in the World Cup soccer finals.

In Sunday's other early game, Belgium scored twice in the first 20 minutes and then struggled to a 2-1 victory over Iraq.

On Saturday, Poland and Spain were victors, while in a late game Friday, England tied Morocco.

Scotland's loss virtually ended the team's hopes of progressing in the tournament even though it played with zest and skill in both its losses, to West Germany and 1-0 to Denmark.

Gordon Strachan gave Scotland the lead in the 18th minute, but Rudi Voeller tied the game only four minutes later. Pierre Littbarski's fine ball found Klaus Allofs in the box and his cross to the unmarked Voeller was turned into the net.

Five minutes into the second half, Allofs took advantage of a defensive mistake by David Narey, who tried to shield the ball in his own area from Voeller but lost possession. Allofs seized the loose ball and hit home the winner.

Belgium 2, Iraq 1: In Toluca, early goals from Enzo Scifo and Nico Claesen put Belgium in complete control early and boosted its chances of advancing to the second round from Group B.

Scifo hammered the ball home from the edge of the penalty area after a fine through-ball by Jan Ceulemans. Four minutes later Frank Vercauteren was fouled in the penalty area and Claesen scored on the penalty.

The Belgians then lost their way and were frequently in trouble when the Iraqis attacked down the right flank. Iraq — which had five players booked and Basil Gorgis sent off for a foul just five minutes after halftime — replied with a 57th minute goal by Ahmed Radi but could not score an equalizer.

Spain 2, Northern Ireland 1: In Guadalajara, Spain gained revenge for its defeat by Northern Ireland at the last World Cup in 1982 by virtually wrecking Irish hopes to advance from Group D.

But it also left Spanish midfield organizer Rafael Gordillo and defensive star José Antonio Camacho injured after what coach Miguel Muñoz called "a small battle."

Goals by Emilio Butrageno after 53 seconds and Julio Salinas after 17 minutes rocked the Irish, whose normally reliable defense looked sluggish and nervous.

Colin Clarke halved Spain's lead in the first minute of the second half but despite having much of the play after that, the Irish failed to score again.

"We were caught cold for the first goal, and the second was a giveaway on the edge of the box," Northern Ireland's coach, Billy Bingham, said.

"It was an uphill battle after that, but we played brilliantly in the second half and went down fighting," he added.

Poland 1, Portugal 0: In Monterrey, Poland's Wlodzimierz Smolarek beat the Portuguese offside trap after 68 minutes and rolled the ball under advancing goalkeeper Victor Manuel Damas from an acute angle.

Damas was playing for Portugal's No. 1 goalkeeper and team captain, Manuel Bento, who is out with a broken leg.

The game did little to diminish Group F's growing reputation for producing the most inept matches of the championship. Afterward, Zbigniew Boniek suggested fans should not bother to come to the stadium to watch the poor quality of soccer in the group.

"One should sit in front of the TV and watch the games because they are very bad," he said.

England 0, Morocco 0: In Monterrey, England met with disaster in a seven-minute spell just before the end of the first half, having midfielder Ray Wilkins sent off shortly after captain Bryan Robson was led away injured.

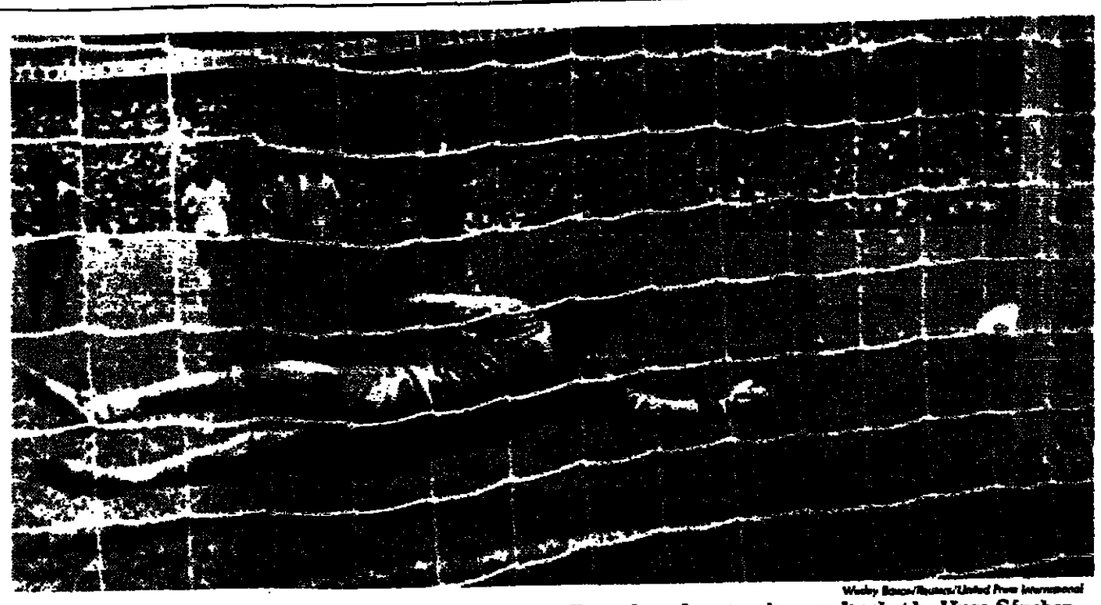
Wilkins' expulsion means an automatic suspension from Wednesday's game against Poland.

Robson had his right arm, which has been dislocated twice in the past 18 months, pulled out of its socket by Mustapha El Biyaz as they chased a loose ball.

Wilkins was shown the red card by Paraguayan referee Gabriel González after showing dissent at an offside decision and throwing the ball at the official. Only minutes earlier he had been cautioned for a foul on Mohammed Timoumi.

"When the referee blew up, I thought it was for a free-kick for us, but he gave offside against us," Wilkins said. "I threw the ball back in the direction of the players and the referee and it hit him on the leg.

"I didn't mean to throw it at him," he said. "I know it was stupid." *(AP, Reuters, UPI)*



Wesley Bocxe/Reuters/United Press International

Goalkeeper Roberto Fernández of Paraguay watches ball roll to safety after stopping penalty shot by Hugo Sánchez.

Paraguay's Goalie Stops Penalty Shot, Perserves Tie

Compiled by Our Staff From Dispatches

MEXICO CITY — Goalkeeper Roberto Fernández's sensational save on a last-minute penalty shot gave Paraguay a 1-1 draw with Mexico in the World Cup of soccer Samrday.

Mexican striker Hugo Sánchez, who had been closely covered during the game and fouled constantly, broke through the center of the field only to go tumbling into the penalty area under a challenge from Wladimiro Schertina.

The Paraguayans crowded around the fallen Sánchez after referee George Courtney of England indicated a penalty.

For two minutes, the Mexicans and Paraguayans angrily pushed and shouted at each other, while Courtney tried to separate them.

Sánchez finally took the penalty himself. With 114,000 fans at Azteca Stadium chanting "Hugo! Hugo!" Sánchez fired his shot just inside Fernández's right-hand post, but the goalkeeper dived full length to push the ball on to the post and away to safety.

Fernández, who was mobbed by his joyful teammates when the final whistle went almost immediately afterwards, said he had a strategy for facing Sánchez.

"I had studied videos of Sánchez taking penalties for Real Madrid," Fernández said. "I was pretty sure where he was going to put it so I dived for the right."

Sánchez also received a yellow card in the second half for delaying the game with histrionics on the ground, feigning injury, as Courtney saw it. His second yellow card in as many games will force him to sit out Mexico's final Group B match, against Iraq on Wednesday.

The penalty shot ended a messy game, marked by 77 fouls, six yellow cards, numerous missed shots on goal, sloppy passing and the sight of player after player slipping on the torn-up field, still clogged with weeks of heavy rain.

Mexican forward Luis Flores scored after only two minutes when he collected a center from Sánchez and hit the ball past Fernández from 13 yards (12 meters).

Paraguay dominated the second half. With just five minutes left in the match, midfielder Adolfino Canete crossd the ball for Julio Romero to head it in from about eight yards. *(AP, UPI, AFP)*

Youth Gets Italian Stars On His Team

Compiled by Our Staff From Dispatches

PUEBLA, Mexico — A few days ago, 17-year-old Julio César Iglesias was playing soccer with his local gang. On Friday he teamed with Italian World Cup stars Paolo Rossi and Mauro Tardelli.

Iglesias, a midfielder with the Puebla soccer club's youth team, played for Italy in a practice match between Italy's substitutes and youth team because the team's starters had taken the day off.

Iglesias made only one major error; his penalty kick hit the cross bar. "I was nervous then," he said. "For the rest of the match, I can't tell you how I felt."

□

French World Cup players will get a visit from their wives and girl friends, team press spokesman Philippe Tournon said Saturday.

He said the women were to arrive in Mexico City on Sunday and travel to Léon for Monday's final Group C match against Hungary. They will spend four days with the players at the French base in Guanajuato before returning to France.

□

One player who has no love for the French team is Diego Maradona of Argentina, who thinks the European champion is overrated.

"I can't wait to play them," Maradona said. "They are too slow and Michel Platini is obviously having problems with the heat and his own physical condition."

The teams could meet in the second round if they are runners-up in their groups. *(UPI, Reuters, AFP)*

WORLD CUP NOTES

WORLD CUP SCOREBOARD

Group Standings

FIRST ROUND
(Through June 7)

GROUP A

	W	L	T	Pts	GF	GA
Argentina	1	0	1	3	4	2
Bulgaria	0	0	2	2	2	2
Italy	0	0	2	2	2	2
South Korea	0	1	1	1	2	4

June 10
Italy vs. South Korea
Bulgaria vs. Argentina

GROUP B

	W	L	T	Pts	GF	GA
Mexico	1	0	1	3	3	2
Paraguay	1	0	1	3	2	1
Belgium	1	1	0	2	3	2
Iraq	0	1	0	0	0	1

June 11
Mexico vs. Iraq
Belgium vs. Paraguay

GROUP C

	W	L	T	Pts	GF	GA
Soviet Union	1	0	1	3	7	1
France	1	0	1	3	2	1
Hungary	1	1	0	2	2	6
Canada	0	1	0	0	1	2

June 9
France vs. Hungary
Canada vs. Soviet Union

GROUP D

	W	L	T	Pts	GF	GA
Brazil	2	0	0	4	2	0
Spain	1	1	0	2	2	2
North. Ireland	0	1	1	1	2	3
Algeria	0	1	1	1	1	2

June 12
Brazil vs. Northern Ireland
Spain vs. Algeria

GROUP E

	W	L	T	Pts	GF	GA
West Germany	1	0	1	3	3	2
Denmark	1	0	0	2	1	0
Uruguay	0	0	1	1	1	1
Scotland	0	2	0	0	1	3

June 8
Uruguay vs. Denmark (late game)
June 13
West Germany vs. Denmark
Uruguay vs. Scotland

GROUP F

	W	L	T	Pts	GF	GA
Poland	1	0	1	3	1	0
Portugal	1	1	0	2	1	1
Morocco	0	0	2	2	0	0
England	0	1	1	1	0	1

June 11
Morocco vs. Portugal
Poland vs. England

TV: Monday, June 9

Argentina: Fra. vs. Hung., 2:00 P.M. (ATC). Can. vs. Soviet Union, 2:00 P.M. (Ch.11).

Belgium: Fra. vs. Hung., 2:00 P.M. Can. vs. Soviet Union, 10:00 P.M. (RTBF). Den. vs. Uru., 2:45 P.M.; Fra. vs. Hung., 7:45 P.M.; Can. vs. Soviet Union, 9:30 P.M.; Fra. vs. Hung., 11:30 P.M. (BRT).

Britain: Fra. vs. Hung./Can. vs. Soviet Union, 7:45 P.M. (ITV). Fra. vs. Hung./Can. vs. Soviet Union, 11:00 P.M. (BBC1).

Denmark: Fra. vs. Hung., 7:35 P.M. (Denmarks Radio).

France: Den. vs. Uru., 2:45 P.M.; Fra. vs. Hung., 8:00 P.M. (TF1). Can. vs. Soviet Union, 10:00 P.M. (Antenne 2).

Hong Kong: W.Ger. vs. Scot., 1:45 A.M.; Den. vs. Uru., 5:45 A.M. (Pearl).

Japan: W.Germ. vs. Scot., 11:25 P.M. (Ch.1).

Spain: Fra. vs. Hung., 8:00 P.M. (Ch.2).

Sweden: Fra. vs. Hung., 7:55 P.M. (TV1).

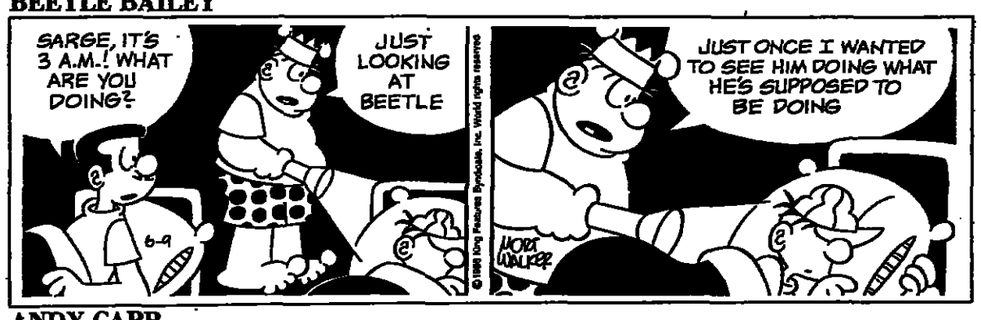
Switzerland: Fra. vs. Hung./Can. vs. Soviet Union, 8:00 P.M. (TSI, TSR).

West Germany: Fra. vs. Hung./Can. vs. Soviet Union, 7:50 P.M. (ARD).

PEANUTS

BLONDIE

BEETLE BAILEY

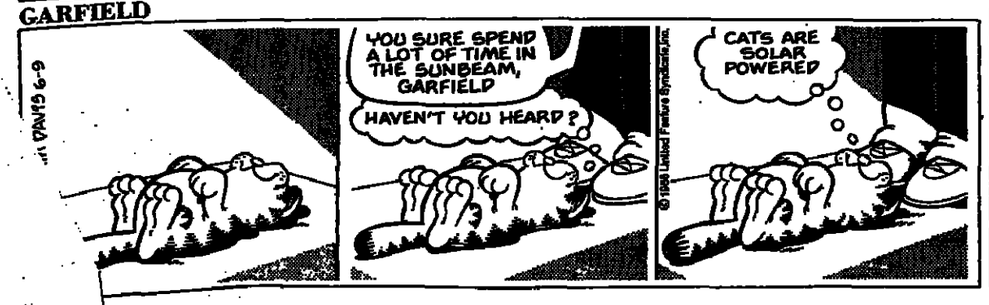


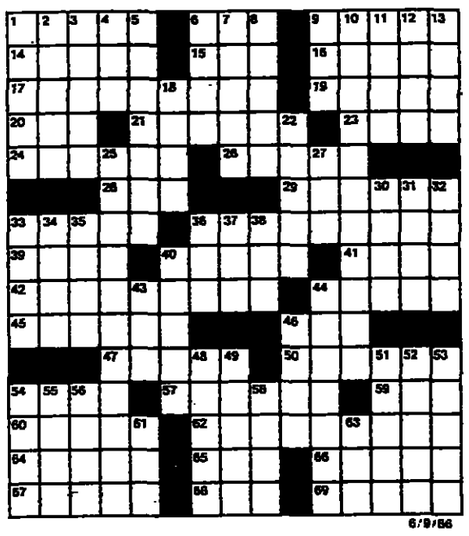
ANDY CAPP

WIZARD of ID

REX MORGAN

GARFIELD





6/9/86

ACROSS

1 Part of a calyx
6 What Wednesday's child is full of
9 Newton or Stern
14 "Phaedo" creator
15 Doctor's org.
16 Perry Mason's secretary
17 Go-getters
19 Kind of ego
20 Real ending
21 Dickens's Artful ——
23 Cunning
24 Game fish
26 Cover-up name
28 Cries of pain
29 "Gulliver's Travels," e.g.
33 Shrimp's relative
36 Dynamo
39 Yorkshire river
40 Neil or Paul
41 Restrain
42 Motivator
44 Old hat
45 Tie
46 Sault —— Marie
47 S-shaped moldings
50 Faux pas
54 Comedienne Pitts
57 —— State (New York)
59 Yarn measure
60 Mistreat
62 Pitchers and catchers
64 Oscar winner: 1958
65 Before, poetically
66 —— of one's trade
67 Bread ingredient
68 Radiation unit
69 Actress Spacek

DOWN

1 Like some decisions
2 A Doolittle
3 One who prepares the way
4 Consumed
5 Facts, with "the"
6 Guardian's concern
7 The end
8 Atelier item
9 Mont. neighbor
10 One with initiative
11 Kind of sax
12 Karras or Haley
13 British novelist Joyce
18 Charged atoms
22 An anagram for siren
25 Fireballs
27 Rhine feeder
30 Virginia willow
31 Stir up
32 Sea eagle
33 Historian's concern
34 Ready for plucking
35 Smell —— (be suspicious)
36 Lesage's "—— Blas"
37 Ostrich's cousin
38 Egg attachment
40 Wingding
43 Cask
44 Bond and Bourbon
46 Famed muralist
48 Glowing cinder
49 Like some ribs or tires
51 Mixtures
52 Staggers
53 Impertinent
54 Absurd
55 He had an Irish Rose
56 Fiji's capital
58 Component
61 Tolkien character
63 Louis XIV, for one

Solution to Friday's Puzzle

L	O	V	E		H	E	R	O	D			C	P	A
I	T	A	L		A	G	O	R	A		B	A	R	D
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E	S	P		U	M	P	S		B	E	C	O	M	E
			A	B	E	T		T	Y	R	O	L		
S	A	C	R	E	D		S	U	D	A	N	E	S	E
E	D	R	E	D		S	O	F	A	S		R	I	B
E	L	I	A		M	A	R	T	Y		T	O	R	E
T	E	M		V	O	T	E	S		T	O	L	E	R
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C	R	A	V	A	T		S	O	L	O		O	R	A
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6/7/86

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SPORTS BRIEFS

Schult of East Germany Sets World Mark in Discus

BERLIN, June 7 (UPI) — Jürgen Schult of East Germany set a world discus record of 74.08 meters (243 feet, ½ inch) at a track meet Friday in Neubrandenburg Friday night, the East German news agency reported.

Schult, 26, broke the mark of 71.86 meters, set by Yuri Dumtschev of the Soviet Union on May 29, 1983.

Ballesteros Takes British Masters Golf by 2 Strokes

WOBURN, England (AP) — Spaniard Severiano Ballesteros won the British Masters golf tournament here Sunday by two strokes.

Ballesteros, 29, registered his first victory of 1986 by shooting a final-round 70 for a 13-under-par total of 275. Briton Gordon Brand Jr. shot a closing 67 to finish second at 277. West German Bernhard Langer (a final 70) and Briton Robert Lee (71) tied for third at 278.

France Wins Rugby Test Against Argentina, 22-9

BUENOS AIRES (AP) — France squared its rugby test series with the Argentine national team with a 22-9 victory here on Saturday. Argentina had won the opener of the two-match series, 15-13, a week earlier.

Tries by Jean Lescarbura and Jean Phillippe, and Lescarabura's converted penalty gave France a 14-3 halftime lead (Hugo Porta kicked a penalty for Argentina).

In the second half, Daniel Dubrocca scored a try; Lescarabura converted it and added a late penalty, while Porta kicked two more penalties.

Distance Runner Is Paralyzed From Waist Down

INDIANAPOLIS (Combined Dispatches) — Distance runner Kathy Ormsby is paralyzed from the waist down following her suicide attempt, the chief of neurosurgery at Wishard Memorial Hospital said late Friday.

"Given the nature of her fracture we just would be misleading her if we gave any possibility at all of regaining the use of her legs," said Dr. Peter Hall, chief of neurosurgery at Wishard Memorial Hospital.

"This is as absolutely permanent as we can determine."

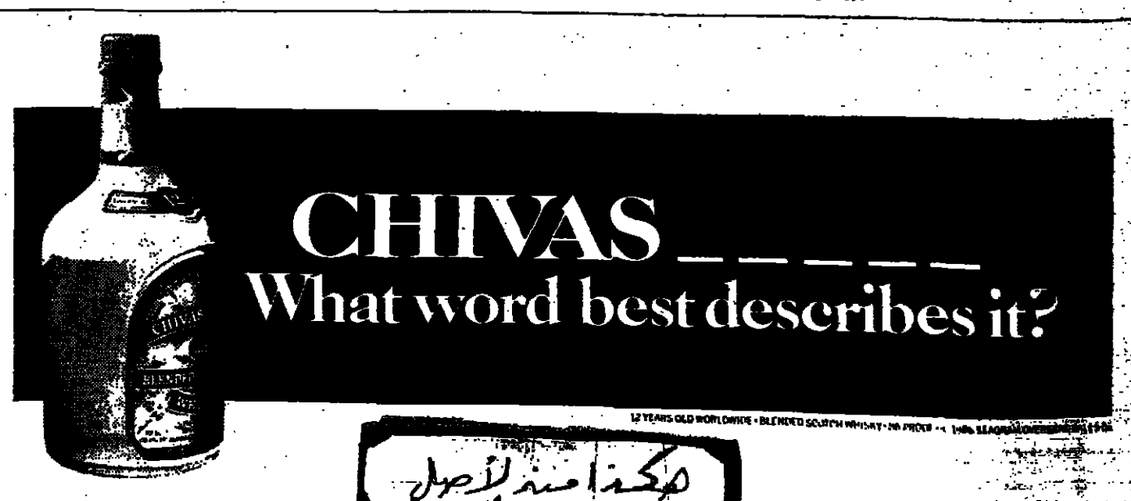
Ormsby, 21, suffered multiple spinal fractures, a punctured lung and a broken rib when she jumped from a bridge minutes after dropping out the women's 10,000-meter run in the NCAA Track and Field Championships here Wednesday night.

Ormsby had set the U.S. women's collegiate record of 32 minutes 36.2 seconds in the event last April. *(AP, Reuters)*

Floyd, Reid, Tway Tied for Westchester Golf Lead

HARRISON, New York (AP) — Ray Floyd tapped in for a birdie on the final hole and moved into a three-way tie for the lead after Saturday's third round of the Westchester Classic golf tournament.

On a rainy, windy day, Floyd shot a one-under-par 70 to catch Mike Reid (a 68) and Bob Tway (69) at 205. Willie Wood, who had shared the lead with Brett Upper and Tom Sieckman after Friday's second round, shot a 73 Saturday and was two shots off the pace. Upper had a third round 74 for a 208 total, while Sieckmann was 75/209.



SPORTS

Evert Rallies to Retain Crown

By Roger M. Williams
New York Times Service

PARIS — Chris Evert Lloyd, the queen of soft courts, worked her magic again Saturday at the French Open tennis championships. She transformed a pitifully losing game into a spectacularly winning one to defeat her arch rival, Martina Navratilova, 2-6, 6-3, 6-3, in the women's final.

For the 31-year-old Evert, the victory marked a record seventh singles title at the French Open, where she has competed annually since she was 17. Last year, she beat Navratilova in another three-setter that was more tense than Saturday's but in which the crucial games were not as well played.

Evert has now captured 18 grand-slam singles titles, winning at least one in each of the last 13 years.

Behind the dazzling statistics lies Evert's struggle to regain her pride and at least a share of the position she once held at the pinnacle of women's tennis. She lost that position several years ago to Navratilova, who during one stretch beat Evert 13 straight times. Their record in head-to-head matches is 36-32 in favor of Navratilova, plus one default by Evert.

Evert makes a point of referring to her rival as "No. 1 player in the world," and she did so again Saturday when she addressed the crowd after the match.

"I don't think many people gave me a chance here," she said with an edge to her voice. "They talked about Martina and [Steffi] Graf and how well [Hana] Mandlikova were playing. It was, 'Oh, Chris — she'll make the semis.'"

Evert got off to a start that she conceded was one of her slowest ever in a big match. She did not move well, her ground strokes lacked pace and depth, and her serve was all but a disaster. She double-faulted repeatedly, she didn't hit a winner until the fourth game and was effectively out of the first set from the outset.

To open the second set, Evert hit a cross-court forehand passing shot that would later mark her first step to recovery. She broke Navratilova in the fourth game with a backhand pass and a fine forehand approach that set up an easy volley. The familiar Evert rhythm was returning.

Oddly, Navratilova was winning more points from the backcourt than at the net, but that was no satisfaction to her. It meant that she wasn't able to mount the sort of attack that anchors her game.

Behind that critical change in the pattern of play was a new ploy — indeed, a new shot — that Evert had developed in practice. Navratilova, she noted, had always pressured her flat forehand to force down-the-line returns into Navratilova's own strong forehand.

"Today, when she pulled me wide on the forehand, I was able to get topspin on the ball and loop it to her backhand," she explained.

That kept Navratilova from going to the net as she liked — behind a forehand drive — and obliged her instead to rely on a backhand approach that Evert was able to hit past her time and again.

Navratilova was now having other problems. Her first serve, normally a weapon, was ineffective. The shifting wind, which had bothered Evert in the first set, was bothering Navratilova instead. Evert was making well-timed advances to the net and, above all, was winning more and more big points.

At 3-all in the final set, Evert hit a marvelous running forehand passing shot that seemed to lift her game to a decisive level. As the crowd roared its approval, she pumped her fists in unconscious imitation of Navratilova. She broke serve in that game, then hit two perfect topspin lobs to hold serve in the next.

At 3-5, Navratilova decided to go with her strongest suit, her net game, even if it meant coming in behind her backhand. But Evert responded with her finest string of passing shots in the match.

Two of them brought her match points, which Navratilova staved off with good shots. But the third one, the best shot of the day, produced a third match point. Navratilova sent a hard ball to the baseline and came to the net only to see Evert, skipping back a step, drive a forehand passing shot straight down the sideline.

On the next point, Evert came to the net off a short ball and drop-volleyed the return just over the net. Navratilova raced forward but arrived a second late, and the match was over.

"This was probably the best I've ever played and still lost," Navratilova said. "On a scale of 10, I was an 8, but in the last two sets she was a 10."

AP

Evert: " 'Oh, Chris — she'll make the semis.' "

Lendl 3-Set Winner in French Open Final

Compiled by Our Staff From Dispatches

PARIS — Ivan Lendl, prepared "to fight until I die," punished a hostile crowd as much as he did his opponent in a straight-sets victory over Mikael Pernfors here Sunday for his second French Open tennis championship.

In ending the dream of the unseeded Swede, 6-3, 6-2, 6-4, Lendl restored a semblance of order to a French championship marked by upsets, illness and injury.

Lendl, who had to struggle harder than the score indicates, vented much of his fury upon the crowd of 16,500 at Roland Garros Stadium, angrily protesting the people were against him from the warm-up.

"I thought I'm going to fight until I die just so I can win," the 26-year-old Czechoslovakian said of the whistles and jeers. "It can work two ways. It can work that it knocks somebody down but it can also work to pump a person up.

"I tried to take it a positive way. I looked at it that I want to win so badly because you were hating me from the beginning."

Lendl, a finalist here the last three years, had a fight on his hands on a warm, sunny afternoon before proceeding to his 48th match victory this year (against two losses) and the 59th title of his career.

Pernfors, who won two collegiate championships at the University of Georgia, is ranked No. 27 in the world and was playing in his first grand-slam final. He is a scrappy, entertaining performer with a variety of shots, has excellent speed and doesn't give up on a ball if he has half a chance to reach it.

His tenacity was exhibited after Lendl swept through nine consecutive games, carrying him to a 3-0 lead in the third set. During that run, Pernfors managed only 16 points.

But the 22-year-old Swede came back to win the next four games before Lendl once again asserted himself — with a run of three games that closed out the match.

During that final set, Lendl had visions of 1984, when he was two sets down to John McEnroe before rallying to capture his first French title.

"I thought of it," Lendl said. "I told myself, 'Don't let it happen to you.' It's nice to win that way, it's terrible to lose that way."

The critical game was the eighth of the third set, with Pernfors on a roll and serving for a 5-3 lead. Lendl raced to triple break point but Pernfors fought back to deuce before the No. 1 seed converted his fourth break point when Pernfors was wide with a forehand.

Lendl, looking for a quick finish, held serve at 30 and then broke again in the 10th game to end the match in two hours and 45 minutes. Pernfors saved the first match point against him with a running forehand volley, but on the second match point he was long with a forehand.

"I had to play my greatest tennis to win points," said Pernfors. "He's too good. I tried to do something solid with the ball, and it comes back."

Lendl broke service three times in each set while Pernfors retaliated four times in all. Lendl, though, managed only one ace to four for Pernfors.

Pernfors, who got a tremendous ovation when he stepped up for the runner-up's trophy, thanked "the best player in the world" for his "nice words about my tennis.

"This is a great tournament," he said. "I hope I shall be back here for many years to come." The crowd cheered. *(UPI, Reuters)*

Mike Theiler/Reuters

Ivan Lendl: "It can work two ways."

Celts Win NBA Title

The Associated Press

BOSTON — With Larry Bird and Kevin McHale leading a first-half blitz, the Boston Celtics rolled to their 16th National Basketball Association title here Sunday with a 114-97 romp over the Houston Rockets.

The 4-2 series triumph made Boston the winningest team for one season in league history and continued the tradition that has made it one of the most successful franchises in sports.

The Celtics took a 55-38 lead at halftime and cruised to their 41st consecutive home-court victory. Bird, who finished with 29 points and 11 rebounds, was named most valuable player of the series. He averaged 24 points and 9.7 rebounds a game.

The Rockets trailed by 31-28 in the second quarter before the Celtics took control, outscoring Houston 24-10 in the last 9:12 of the half; McHale had 13 points and Bird 9 of those 24 points.

Ralph Sampson had a 1-for-8 first half from the floor. He finished with only 8 points as Akeem Olajuwon led Houston with 19 points and Rodney McCray had 16. In the second half, the Rockets got no closer than 14 points; the largest lead was 97-67 with two minutes left.

The Celtics, 67-15 in the regular season, finished 15-3 in the playoffs for an overall mark of 82-18. The 82 victories are the most ever in the NBA. The 1971-72 Lakers finished 81-16.

Boston has won twice as many titles as any other franchise. The Minneapolis-Los Angeles Lakers have won eight.

NBA FINALS

Trainer Stephens Wins 5th Straight Belmont

By Andrew Beyer
Washington Post Service

ELMONT, New York — When he won his record four straight runnings of the Belmont Stakes, trainer Woody Stephens could rightly attribute his success to having had the best horse each time. But his fifth straight victory in the classic Saturday can only be attributed to Stephen's magic.

Danzig Connection had won only one stakes race before Saturday. He had never run especially fast. He had never won in the mud. But he had the 72-year-old hall of famer on his side, and that was all he needed to score a 1¼-length victory over Johns Treasure in the 118th running of the Belmont. Ferdinand was third.

Even Stephens had said that Danzig Connection "would have to improve four or five lengths" to have a chance, but he knew Danzig Connecton's speed would be invaluable in a 10-horse field with no true front-runners. His instructions to jockey Chris McCarron: Get him out of the gate fast, but if somebody else seems determined to go for the lead, let him have it.

When the gate opened, jockey José Santos wanted the lead with Mogambo. McCarron let Danzig Connection settle into second on the outside. "He was going easily," McCarron said. "I just wanted to make sure that he didn't get too much slop kicked in his face."

As the leaders approached the turn, Bill Shoemaker sent Ferdinand up the rail into contention. When Mogambo faded, the Belmont turned into a three-horse race, the leaders abreast of each other as they turned into the stretch. But "I never let him run until the eighth pole," said McCarron. "I was just a passenger until then. As soon as I moved my hands, he responded."

Danzig Connection took command in the final eighth of a mile, and reached the wire in a slow 2:29-4/5 for the 1½ miles (2,420 meters). Johns Treasure overhauled Ferdinand in the final strides for second.

Earlier this year, Danzig Connection lost two allowance races against older horss, then won the Peter Pan Stakes. But the victory was sufficiently unimpressive that even the trainer's many fans had trouble believing him (Saturday, the colt went off at odds of 8-to-1).

But now that Danzig Connection has become his Belmont winner No. 5 — after Conquistador Cielo, Caveat, Swale and Creme Fraiche — Stephens will be justifiably hailed by the racing world.

Meg Thomas/The Associated Press

Danzig Connection flew through the mud to beat Johns Treasure, left, and Ferdinand, center, and win the Belmont Stakes.

Brenly Ends Home Run Drought, Helping Giants Beat Reds

Compiled by Our Staff From Dispatches

SAN FRANCISCO — Bob Brenly's first home run in six weeks was the biggest blow in his team's victory Saturday and, perhaps, the end of a six-week search by the San Francisco catcher.

"I tried another new stance — stance 219-B," said Brenly, whose tie-breaking, three-run drive in the fourth inning powered the Giants to a 6-2 triumph over the Cincinnati Reds.

"Basically, I just had to change a few little things I was doing wrong. I'm holding the bat higher and I think my swing is much quicker and more compact," added Brenly, who was 2-for-4 on the day. "I hate to talk about it too much, though, because the more you talk the easier it is for things to slip away."

In stopping a three-game Cincinnati winning streak, Mike Krukow pitched his third complete game of the season, striking out eight and walking none for his third consecutive victory.

Said Krukow: "I got into a groove, but our offense supplied some great support. If we score six or seven runs a game, I can look like Cy Young out there."

The come-from-behind victory was the 13th of the season for the Giants, who remained one game behind first-place Houston in the National League West.

Eddie Milner's third homer of the year, with two out in the third, gave the Reds and pitcher Bill Gullickson a 1-0 lead. But Gullickson walked Mike Aldrete to start the fourth; after Chris Brown flied out to right, Aldrete went to third on Jeffrey Leonard's single and tied the game on a single by Chili Davis. Brenly lined Gullickson's next pitch over the left-field fence for his fourth home run of the season.

Phillies 3, Expos 1: In Montreal, Juan Samuel and Glenn Wilson had run-scoring singles in a three-run seventh that put Philadelphia past the Expos. Winner Shane Rawley, who walked two and struck out one, registered his first complete game of the season. Philadelphia has won 10 of its last 12 games.

Mets 6, Pirates 4: In Pittsburgh, Dwight Gooden, combining with Jesse Orosco on a four-hitter, improved his career record against the Pirates to 6-0 despite allowing four runs over his six innings.

Cardinals 3, Cubs 2: In St. Louis, John Tudor pitched a two-hitter to run his lifetime mark against Chicago to 6-1. Jack Clark tripled in the seventh and scored the deciding run on a single by Tommy Herr.

Astros 7, Dodgers 5: In Los Angeles, Phil Garner hit a two-run bases-loaded double in the eighth, and Houston added an insurance run in the ninth on Billy Hatcher's RBI double. Los Angeles stranded 15 runners, leaving at least one man on base in every inning except the eighth and twice leaving the bases loaded.

Braves 4, Padres 2: In San Diego, Ken Oberkfell hit a three-run home run in the sixth, and the Braves took advantage of LaMarr Hoyt's career-high six walks to beat San Diego.

Orioles 7, Yankees 5: In the American League, in New York, Fred Lynn hit a three-run homer and drove in four runs, and John Shelby cracked a two-run home run to give Baltimore its second straight victory over New York after losing 12 of 13 to the Yankees in 1985. Shortstop Bobby Meacham committed two errors, including one on a potential double-play ball in the third just before Lynn homered. New York has committed a league-high 56 errors this year.

Angels 8, Indians 2: In Cleveland, Reggie Jackson's two-run double ignited a five-run third and rookie Wally Joyner hit his major league-leading 18th home run of the year as California coasted past the Indians. The losers' Joe Carter extended his hitting streak to 20 games with a first-inning single.

Twins 4, Royals 1: In Kansas City, Missouri, Kent Hrbek went 5-for-5, including a homer and an RBI double, as Minnesota ended a four-game Royal winning streak.

Tigers 2, Blue Jays 1: In Detroit, Larry Herndon hit a two-run home run and made a key defensive play in left field as the Tigers edged Toronto. Herndon homered in the second inning and made a diving catch in the seventh with two outs and two runners on base.

White Sox 10, A's 3: In Chicago, rookie Bobby Bonilla hit a three-run homer and drove in four runs, and Greg Walker homered, tripled and scored three times as the White Sox breezed to their third straight victory. The A's have lost four in a row.

Rangers 7, Mariners 5; Rangers 3, Mariners 2: In Arlington, Texas, Pete Incaviglia had two hits and scored twice to help Texas complete a doubleheader sweep. In the opener, the winners' Oddibe McDowell and George Wright hit home runs and Scott Fletcher went 4-for-4. The Rangers extended their winning streak to six and Seattle's skid to four ganmes.

Brewers 3, Red Sox 0: In Milwaukee, Ted Higuera struck out six and walked one in his seventh complete game and first shutout of the season. Higuera lowered his earned-run average to a league-leading 2.18. Dennis Boyd lost for the first time in his last six decisions. *(UPI, AP)*

SATURDAY BASEBALL

Clemens of Red Sox Wins 10th

Compiled by Our Staff From Dispatches

MILWAUKEE — Roger Clemens has the best record in the majors leagues, 10-0, and leads the American League in strikeouts with 98. He also has Milwaukee shortstop Ernest Riles worried.

"The scary thing about it is, he could get even better," said Riles after the Boston right-hander four-hit the Brewers, 3-0, here Friday night for his first shutout and fourth complete game of the season.

Riles was impressed that Clemens won without being as overpowering as he has been. The 23-year-old pitcher, concerned that American League hitters may adjust in time to his fastball, was happy to prove he was not one dimensional.

"It's going to get harder and harder to throw the ball by people," he said. "I have to show I can throw the off-speed stuff over the plate. I have four pitches. If I'm not getting one over, I'm going to throw another. I've got to."

Red Sox catcher Rich Gedman agreed. "Everybody has high expectations. They expect him to be perfect and blow everybody away. But in this league he's not going to be able to do that all the time. Sometimes he's got to pitch to win."

Still, Clemens had his heat to the end. The game-ending pitch that struck out Rob Deer (for the fourth time on the night) was clocked at 93 mph (150 kph). Clemens walked two and struck out eight. He allowed only one hit after the third inning, a double down the left-field line by Mike Felder.

Milwaukee starter Danny Darwin also went the distance, giving up six hits, walking three and striking out five. But he had to face the major leagues' leading hitter, Wade Boggs, who went 2-for-3 and drove in all of Boston's runs.

"What can you say about that man?" Darwin asked. "He's the best hitter I've ever seen. He's going to get his hits no matter how you pitch him."

Indians 3, Angels 0: In Cleveland, Joe Carter hit a two-run home run and Ken Schrom retired 22 of the last 23 batters he faced en route to his first complete game this year.

Rangers 6, Mariners 5: In Arlington, Texas, Oddibe McDowell doubled home Geno Petralli from first with one out in the 10th with the game-winner. Pete Incaviglia and Ruben Sierra had tied the score for Texas with ninth-inning homers.

Blue Jays 12, Tigers 2: In Detroit, Jesse Barfield's three-run homer highlighted a four-run second inning that started Toronto's rout of the Tigers.

Orioles 5, Yankees 2: In New York, John Shelby drove in three runs, two with a second-inning home run, as Baltimore broke a 10-game Yankee Stadium losing streak.

White Sox 6, A's 4: In Chicago, Ozzie Guillen, Julio Cruz and John Cangelosi drove in two runs apiece and Joel McKeon, the third White Sox pitcher of the night, earned his first major-league save.

Royals 6, Twins 1: In Kansas City, Missouri, George Brett went 4-for-4 to help the Royals breeze past Minnesota. Loser Juan Agosto, making his first start since 1982 when he was in the minor leagues, lasted 1⅓ innings, giving up five hits and four runs.

Padres 3, Braves 2: In the National League, in San Diego, Marvell Wynne drove in Bip Roberts three times on the night, the last on an 11th-inning single.

Pirates 7, Mets 1; Mets 10, Pirates 4: In Pittsburgh, Darryl Strawberry, Mookie Wilson and starting pitcher Rick Aguilera hit home runs and Roger McDowell pitched 3⅓ innings of scoreless relief as New York salvaged a split of a doubleheader. In the opener, Barry Bonds, recently called up from the minors, homered, doubled and scored on Johnny Ray's single in the Pirates' three-run eighth.

Expos 10, Phillies 9: In Montreal, Tim Wallach's 10th-inning leadoff home run, his ninth of the season, ended a five-game Expo losing streak.

Cubs 9, Cardinals 3: In St. Louis, Chris Speier hit two homers to pace a Chicago attack that included eight extra-base hits.

Dodgers 3, Astros 2: In Los Angeles, Mike Marshall's bases-loaded sacrifice fly scored Mariano Duncan with the decisive run in the eighth.

Reds 5, Giants 3: In San Francisco, Chris Welsh won his first game of the season as Cincinnati ended a four-game Giant winning streak. Pete Rose recorded the 4,219th hit of his career. *(UPI, AP)*

SCOREBOARD

Tennis

French Open

MEN
Singles Final
Ivan Lendl, Czechoslovakia (1), def. Mikael Pernfors, Sweden, 6-3, 6-2, 6-4.

Doubles Final
John Fitzgerald, Australia, and Tomas Smid, Czechoslovakia, def. Stefan Edberg and Anders Jarryd, Sweden, 6-3, 4-6, 6-3, 6-7 (4-7), 14-12.

WOMEN
Singles Final
Chris Evert Lloyd (2), U.S., def. Martina Navratilova (1), U.S., 2-6, 6-3, 6-3.

Doubles Final
Martina Navratilova, U.S., and Andrea Temesvari, Hungary (3), def. Steffi Graf, West Germany, and Gabriela Sabatini, Argentina (6), 6-1, 6-2.

MIXED DOUBLES
Final
Kathy Jordan and Ken Flach, U.S., def. Rosalyn Fairbank, South Africa, and Mark Edmondson, Australia, 3-6, 7-5, 6-3.

SENIORS DOUBLES
Final
Cliff Drysdale, South Africa, and Fred Stolle, Australia, def. Neale Fraser, Australia and Andres Gimeno, Spain, 6-4, 4-6, 6-2

JUNIORS
BOYS
Singles Final
Guillermo Perez-Roldan, Argentina, def. Stephane Grenier, France, 4-6, 6-3, 6-2.

Doubles Final
Francis Dovin and Guillermo Perez-Roldan, Argentina, def. Tomas Carbonell and Javier Sanchez, Spain, 7-6 (7-0), 5-7, 6-3.

GIRLS
Singles Final
Patricia Torabini, Argentina, def. Nicole Provis, Australia, 6-3, 6-3.

Doubles Final
Zavia Mesni and Natalia Zvereva, Soviet Union, def. Jara Novotna and Rosina Raichrtova, Czechoslovakia, 1-6, 6-3, 6-0.

Transition

BASEBALL
American League
BALTIMORE—Signed John Pesky, catcher.
KANSAS CITY—Placed Mark Gubicza, pitcher, on the 15-day disabled list. Called up David Cone, pitcher, from Omaha of the American Association.
OAKLAND—Placed Joaquin Andujar, pitcher, on the 15-day disabled list.
National League
CHICAGO—Signed Ronald Alexander and Steve Parker, pitchers, and Joseph Girardi, catcher. Assigned Girardi to Peoria of the Midwest League.
CINCINNATI—Signed Kevin Pearson and John Stewart, shortstops; Bernard Walker and Bret Williamson, outfielders; Keith Brown, Quinn Marsh, Tom Novak and Chuck McFadden, pitchers, and Eddie Taubensee, catcher. Activated Mario Soto, pitcher, from the disabled list. Sent Tom Runnells, infielder, to Denver of the American Association. LOS ANGELES—Activated Dennis Powell, pitcher, and sent him to Albuquerque of the Pacific Coast League.
PITTSBURGH—Activated Don Robinson, pitcher. Sent Jose DeLeon, pitcher, to Hawaii of the Pacific Coast League.
HOCKEY
National Hockey League
BOSTON—Traded the rights to Barry Pederson, center, to Vancouver for Cam Neely, right wing, and a first-round pick in either the 1986 or 1987 draft.
BUFFALO—Announced that Scotty Bowman will remain as coach, general manager and director of operations.
COLLEGE
AMERICAN—Announced that it has dropped intercollegiate baseball.
COLORADO STATE—Announced the resignation of Nancy J. O'Connor, women's athletic director, effective in September.
HOUSTON—Announced the resignation of Tom Ford, athletic director, effective July 31.
MANHATTAN—Named Robert DelleBovi men's basketball coach.
UTAH STATE—Named Llevdene Searle women's basketball coach and Yolanda Arviso assistant women's basketball and softball coach.

Baseball

Friday's and Saturday's Major League Line Scores

FRIDAY'S RESULTS
AMERICAN LEAGUE

Minnesota 000 010 000—1 6—0
Kansas City 140 000 01x—6 15—0
Agosto, Atherton (2), Davis (7) and Laudner; Leibrandt and Sundberg. W—Leibrandt, 6-3. L—Agosto, 1-4.

Boston 001 000 020—3 6—3
Milwaukee 000 000 000—0 4—0
Clemens and Gedman; Darwin and Schroder. W—Clemens, 10-0. L—Darwin, 3-2.

Seattle 000 040 100 0—5 9 0
Texas 102 000 002 1—4 12 1
Swift, Young (8), Ladd (9) and Kearney; Mason, Wright (5), Mahorcic (5), Harris (8), Williams (9) and Mercado, Petralli (9). W—Williams, 4-0. L—Ladd, 3-2. HRs—Seattle, Henderson (9). Texas, Incaviglia (11), Sierra (3).

Baltimore 121 000 010—5 11 1
New York 100 001 000—2 7 0
McGregor, Aase (8) and Dempsey; Guidry, Tewksbury (6), Shirley (8), Drobek (8) and Wynegar. W—McGregor, 5-4. L—Guidry, 4-3. Sv—Aase (15). HRs—Baltimore, Rinken (8), Shelby (4). New York, Berra (1).

Oakland 000 100 012—4 9 2
Chicago 010 202 00x—5 7 1
Andujar, Langford (1), Moorehead (4) and Bathe; Dotson, James (9), McKeon (9) and Skinner. W—Dotson, 4-3. L—Langford, 1-5. Sv—McKeon (1).

Toronto 044 201 100—12 15 1
Detroit 000 001 010— 2 7 1
Alexander, Ceruttl (6), Lamp (9) and Whitt; Terrell, Cary (2), LaPoint (3), Scherrer (5) and Parish, Lowry (7). W—Alexander, 4-2. L—Terrell, 6-3. HRs—Toronto, Barfield (13), Garcia (2).

California 000 000 000—0 2 0
Cleveland 010 000 02x—3 6 0
McCaskill and Boone; Schrom and Allanson. W—Schrom, 4-2. L—McCaskill, 4-4. HR—Cleveland, Carter (8).

NATIONAL LEAGUE
First Game

New York 010 000 000—1 7 0
Pittsburgh 000 220 02x—7 13 0
Darling, Sisk (7), Niemann (8) and Carter; Rhoden, Clements (8), Walk (8) and Pena. W—Rhoden, 5-3. L—Darling, 6-2. Sv—Walk (2). HR—Pittsburgh, Bonds (2).

Second Game

New York 200 001 100—10 15 0
Pittsburgh 000 130 000— 4 6 2
Aguilera, McDowell (5), Orosco (9) and Hearn; DeLeon, Winn (4), Guante (7) and Ortiz. W—McDowell, 5-0. L—DeLeon, 1-3. HRs—New York, Wilson (2), Aguilera (1), Strawberry (7).

Philadelphia 232 100 000 0— 9 14 1
Montreal 104 000 200 1—10 15 0
Carlton, Hume (3), Takulve (6), Carmon (7), Bedrosian (8), Rucker (10) and Russell, Doulton (7); Haskem, Parrett (2), Roberts (4), Schatzeder (6), Reardon (8), Burke (10) and Fitzgerald. W—Burke, 3-1. L—Rucker, 0-2. HRs—Philadelphia, Schmidt (10), Wilson (6).

Montreal, Webster (4), Galarraga (6), Wallach (9).

Chicago 110 210 130—9 15—1
St. Louis 001 010 100—3 5—1
Hoffman, Baller (5), L. Smith (8) and Davis; Cox, Ownbey (5), Sarper (8) and Heath. Hurdle. W—Baller, 2-2. L—Cox, 1-5. HRs—Chicago, Sosier 2 (3), Durham (4), Matthews (5).

Cincinnati 000 000 010—1 5 0
San Francisco 030 000 000—3 10—2
Welsh, Robinson (7) and Diaz; Garrelts, Berenguer (7) and Melvin. Brantly. W—Welsh, 1-1. L—Garrelts, 5-6.

Atlanta 000 020 000 00—2 9—2
San Diego 100 010 000 01—3 9—1
Palmer, Assenmacher (7), Dedmon (8) and Virgil; Hawkins, Lefferts (7), Stoddard (8), Walter (10) and Kennedy. W—Walter, 2-1. L—Dedmon, 2-2. HR—Atlanta, Virgil (8).

Houston 000 011 000—2 11—2
Los Angeles 000 020 01x—3 7—0
Knepper and Ashby; Bailer; Welch, Vande Berg (7), Howell (8) and Scioscia. W—Howell, 2-2. L—Knepper, 9-3.

SATURDAY'S RESULTS
AMERICAN LEAGUE

Oakland 200 000 100— 3 9—0
Chicago 201 041 20x—10 11—0
Codiroli, Stewart (5), Leiper (7) and Willard; Cowley, Dawley (7) and Fisk. W—Cowley, 2-3. L—Codiroli, 4-7. HRs—Chicago, Walker (7), Bonilla (2).

California 105 001 010—8 11 1
Cleveland 000 200 000—3 8 1
Witt, Corbett (9) and Boone; Candiotti, Yett (3), Oelkers (5) and Bando. W—Witt, 6-4. L—Candiotti, 3-6. HRs—California, Joyner (18). Cleveland, Thornton (9), Hall (7).

Baltimore 103 201 000—7 8 0
New York 000 000 023—5 7 2
Boddicker, Aase (9) and Dempsey; John, Tewksbury (5), Netland (7), Shirley (8), Righetti (9) and Hassey. W—Boddicker, 7-1. L—John, 3-1. Sv—Aase (16). HRs—Baltimore, Lynn (8), Shelby (5). New York, Mattingly (8), Pagliarulo (13).

First Game

Seattle 002 000 200—4 8 2
Texas 210 100 21x—7 13 0
Morgan, Young (7), Hulsmann (7) and Kearney; Guzman, Harris (8) and Petralli, Mercado (8). W—Guzman, 5-6. L—Young, 4-4. Sv—Harris (9). HRs—Seattle, Presley (9). Texas, McDowell (8), Wright (2).

Second Game

Seattle 000 000 110—2 6 1
Texas 020 001 00x—3 6 0
Gueterman and Yeager; Housh, Williams (8), Harris (8) and Mercado. W—Harsh, 5-2. L—Gueterman, 0-1. Sv—Harris (10). HRs—Seattle, Presley (9).

Minnesota 300 000 100—4 12 0
Kansas City 000 100 000—1 7 2
Blyleven and Laudner; Jackson, Farr (5), Quisenberry (8) and Sundberg. W—Blyleven, 5-5. L—Jackson, 2-3. HRs—Minnesota, Gaetti (14), Hrbek (11).

Boston 000 000 000—0 4 1
Milwaukee 000 110 10x—3 5 0
Boyd and Sullivan; Higuera and Moore. W—Higuera, 8-6. L—Boyd, 7-4. HR—Milwaukee, Deer (11), Gantner (3).

Toronto 000 000 100—1 5 0
Detroit 020 000 00x—2 9 0
Key, Acker (8) and Martinez, Whitt (7); Tanana, Hernandez (8) and Parish. W—Tanana, 5-4. L—Key, 3-5. Sv—Hernandez (9). HR—Detroit, Herndon (3).

NATIONAL LEAGUE

Chicago 000 200 000—2 2 0
St. Louis 001 001 20x—3 8 0
Sutcliffe, Fontenot (8) and Davis; Tudor and Lavalliere. W—Tudor, 4-3. L—Sutcliffe, 6-7. HRs—Chicago, Sandberg (7). St. Louis, McGee (3).

Houston 200 020 021—7 10 0
Los Angeles 100 010 200—4 11 1
Madden, Andersen (5), DiPino (6), Kerfeld (6), Lopez (7), Smith (8) and Ashby; Reuss, Pena (7), Howell (8), Diaz (9) and Trevino, Sciascia (6). W—Lopez, 1-0. L—Howell, 2-3. Sv—Smith (14). HRs—Houston, Davis (11). Los Angeles, Mahuszak (1).

Philadelphia 000 000 300—3 6 0
Montreal 010 000 000—1 4 1
Rowley and Doulton; McGaffigan, Burke (9) and Fitzgerald. W—Rowley, 8-4. L—McGaffigan, 3-2.

New York 104 000 010—6 8 1
Pittsburgh 002 101 000—4 4 2
Gooden, Orosco (8) and Carter; Rauschel, Clements (7), Walk (8) and Pena. W—Gooden, 8-2. L—Rauschel, 4-6. Sv—Orosco (9).

Atlanta 010 002 000—4 9—0
San Diego 000 000 200—2 8—0
Mahler, Assenmacher (8) and Virgil; Hoyt, Stoddard (7), Lefferts (8) and Kennedy. Bochy. W—Mahler, 6-5. L—Hoyt, 2-3. HR—Atlanta, Oberkfell (3).

Cincinnati 001 000 001— 2 5—1
San Francisco 000 410 10x—6 8—0
Gullickson, Power (7) and Diaz. Krukow and Brenly. W—Krukow, 8-3. L—Gullickson, 4-6. HRs—San Francisco, Brenly (4), C.Brown (4). Cincinnati—Milner (3), Bell (3).

Major League Standings

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Boston	37	17	.685	—
Baltimore	32	20	.615	4
New York	32	22	.593	5
Milwaukee	27	26	.509	9½
Detroit	25	26	.490	10½
Toronto	24	27	.473	11½
Cleveland	25	28	.472	11½
West Division				
Texas	30	24	.556	—
Kansas City	28	26	.519	2
California	27	27	.500	3
Oakland	25	31	.446	6
Chicago	22	31	.415	7½
Minnesota	21	34	.382	9½
Seattle	20	36	.357	11

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
New York	36	15	.706	—
Montreal	27	24	.529	9
Philadelphia	25	26	.490	11
St. Louis	22	29	.431	14
Chicago	22	30	.423	14½
Pittsburgh	21	29	.420	14½
West Division				
Houston	30	22	.566	—
San Francisco	29	24	.547	1
Atlanta	28	26	.519	3
San Diego	24	28	.481	4½
Los Angeles	26	30	.464	5½
Cincinnati	21	29	.420	7½

Shuichi Kato, Japan's Wandering Professor and Conscience

By Christine Chapman

TOKYO — "I keep myself on the margin of Japanese society," said the social critic Shuichi Kato. "Deliberately. I've tried to keep my marginal position. When I abandoned medicine, I went to Canada, the United States, Europe. I've spent half my life abroad, half in Japan. The result is freedom of expression and the loss of influential power."

Although Kato calls himself a "wandering professor," his admirers call the 66-year-old writer "the moral conscience of Japan." His detractors consider him "a maverick" and "wayward and naïve" politically although astute culturally. The controversial Kato is labeled both anti-American and too pro-Western.

For 40 years the former hematologist who specialized in bone marrow structure has been writing and lecturing about Japanese culture. The Yale University professor Edwin McClellan called the English translation of his three-volume "History of Japanese Literature," published by Kodansha International, "the most thoughtful book on the subject in English" and lauded Kato as "an austere critic" who combines "critical intelligence, political awareness and civility."

When Kato left medicine for literature in 1960, he put himself "on the fringe of society," as he expressed it, "keeping his integrity." For the last 10 years he has been commenting on contemporary society through a monthly column in the Asahi Shimbun newspaper.

- The growth of a consumer society where everything is disposable.
- The unchanging groupism and the dearth of individuality.
- The absence of a strong intellectual elite.
- The continued low status of women.
- The dangers of a gradual shift to the political right.
- The shortness of Japan's memory about the "unpleasant past" and its total absorption in the present.

"Morally, as a writer, I may have influence to some extent," he admits. "But whatever I say in the Asahi will not affect the major line of the country."

Kato assesses Japan's international position as that of an amoral economic giant. He says that the ancient traditions of the country — that the world is only temporal, that what matters is the here-and-now, and that one's effectiveness lies in the group, within a "competitive group consciousness" — have resulted in Japan's "economic dynamism, its political immobility, its artistic creativity and, probably, its tendency toward moral flexibility and opportunism."

In an interview at his home before leaving for a lectureship in Mexico, Kato spoke vigorously in English, one of the Western languages, along with French, German and Italian, in which he is fluent. There are only a few translations of his essays, but not many suggest the impact of his voice. He loves to talk, explain, analyze, make literary allusions and use hyperbole to make sure one is following. He is a vibrant teacher, a determined moralist, a professor who has taught in the great universities of the world since his lectures in humanities at the University of Tokyo in 1960. From 1960 to 1969, he taught in the department of Asian studies at the University of British Columbia; then later in the Free University in West Berlin, the University of Munich, at Yale and Brown in the United States, Cambridge's School of Oriental Studies in England, and at the universities of Geneva and Venice.

From 1976 to 1985 he was a professor at Sophia University in Tokyo in the department of comparative culture. Abroad he also gives lectures in Japanese culture as he is doing this summer semester in Mexico City at the Colegio de Mexico.

Informal at home in blue jeans and a yellow turtleneck, he speaks of his relief at the end of the Pacific war and his disgust with "the social system, not the emperor, which started the unjust war. The 1945 surrender meant liberation from fascism as well as defeat.

"Postwar Japan concentrated too much on her own economic interests without much idealism. She was very slow to help other people if her economic interest was not at stake.

"If you have no moral idealism, the society will deteriorate into a cynicism and nihilism. In our country many people are accustomed to corruption. When former U.S. President Nixon was exposed, he lost his power. When former Prime Minister Kakuei Tanaka was exposed, and resigned, he stills retained political influence. Disease, not corruption, weakened him. That is extraordinary. Japan is morally not an admirable country."

Critic Kato: "On the margin of Japanese society."

In his accounting of moral offenders, Kato includes the United States and its "self-righteousness" as a direct contrast to Japan's policy. He calls "very dangerous — the inclination to impose your justice on other people — to bring the moral conscience into the political field.

"The United States has too much moral concern coupled with physical power. You think your justice is universally applicable. It's not true. The U.S. has helped other people but has also destroyed them.

"Bombing Libya was a terrible terrorism, part of a vicious circle in which innocent people are killed on both sides. It is revenge by terrorism. I blame the United States more than Libya because we don't expect the same thing of the American president as of Mr. Qadhafi. America must understand the expectations that other countries have of it.

"But I love my American students! They are the most idealistic youth in the world. Still, that enthusiastic idealism can oversimplify the situation and produce a policy that functions as counterproductive. Remember Graham Greene's remark: 'Such a terrible thing can be produced by men of goodwill.'"

Kato admires the novelists Ogai Mori, Soseki Natsume, Kafu Nagai and Junichiro Tanizaki as Japan's outstanding 20th-century writers.

And the 1968 Nobel Prize-winner Yasunari Kawabata?

"To some extent. If you count Kawabata, you must count several others. Like Yukio Mishima. So far as Japanese literature is concerned, I count much more on myself than on the Swedish Academy."

Born in Tokyo in 1919, Shuichi Kato graduated from Tokyo University's faculty of medicine in 1943, and received his medical degree in 1950. Until 1959, he worked as a hematologist in the Tokyo University Clinic. In September 1945 he entered Hiroshima, a month after the atomic bomb had destroyed the city, with a U.S.-Japan joint medical team.

From 1951 to 1954 he did medical research at the University of Paris and at the Institut Pasteur. Around 1960, he "decided to drop medicine because I liked literature better." Since the end of the war, he had been writing short stories, poetry, and an anti-war novel published in 1949.

"Medicine was too much specialized. I thought, 'Must I give up all other things for the morphology of human blood cells?' I decided to become a specialist of non-specialization."

About his "History of Japanese Literature," which won the 1980 Jiro Osagari Prize for an outstanding contribution to culture, the French scholar René Etiemble said that Kato deals with literature "without isolating it from the economic and sociological conditions in which it arose, but at the same time not treating it simply as a mirror reflecting these conditions."

Other Kato books in English include: "Six Lives / Six Deaths: Portraits of Modern Japan," written with Robert Jay Lifton and Michael Reich (Yale University Press, 1979); "The Japan-China Phenomenon" (Kodansha, 1975), and "Form, Style, Tradition: Reflections on Japanese Art and Society" (Berkeley, 1969).

His "Collected Works" in Japanese were published in 15 volumes by Heibonsha from 1978 to 1980. Not translated into English so far is his 1968 best-selling autobiography, "Hitsuji no Uta" (Song of a Sheep), which refers to Kato's birth in a sheep year, 1919. The two-volume paperback edition, published by Iwanami, has sold a total of 510,000 copies; the hardcover edition more than 100,000. His Asahi columns have also been collected and published in two books.

Kato is working on three books: "A Cultural History of Japan," which will appear in conjunction with a television series on NHK broadcasting agency; "Time and Space in Japanese Culture," and "America Seen by a Japanese," which will be based on a series of lectures he will deliver in April 1987 at Princeton.

Answering a question about the possibility of the 21st century's being the Century of Asia with Japan as its leader, he demurs. "We're technologically advanced, but that's about it. Politics, then social welfare, have a low posture. In the arts we're moderately productive."

After listing the intellectual centers of the postwar world as Chicago for economics and sociology, New York in art, Cambridge, Massachusetts, in linguistics, and the United States and England for molecular biology, Kato added: "All the turning points in these fields were not produced in Japan. We have produced good cars which are sold the best in the world."

Christine Chapman is a Tokyo-based journalist who specializes in the arts.

LANGUAGE

This Thing About 'Thing'

By William Safire

WASHINGTON — The first thing you learn in general semantics is "the word is not the thing" — that is, the referent is not the source, or, to put it understandably, cow is merely a word, a sign, a name, and is not the flesh-and-blood thing that has an udder and goes "moo."

Grasp that idea and the ghost of Alfred H. S. Korzybski, papa of this branch of the science of linguistics, smiles. Too many of us think of the word cow as the barnyard reality itself, and thereby lose the notion of particularity. The word, the name of the kind of animal, is only a human sign for the bovine animal, and is more than once removed from the actual beast that comes up to the fence and gives our faces a large lick.

What's so hot about that insight? Why did *the-word-is-not-the-thing* sell so many copies of Stuart Chase's "The Tyranny of Words" and S. I. Hayakawa's "Language in Thought and Action"?

That blinding illumination reminds us to think of language not as reality, as so many passively regimented people do, but as a code to help us describe reality, made up differently by different people in different places. That, in turn, forces us away from accepting stereotypes, from thinking of all cows as the same, into asking the questions about the particular thing that separates every cow from the herd. We then investigate and evaluate the abstractions called words, and our evaluation brings us closer to reality, thereby humanizing our behavior. And this wonderful thing takes place when first we get it into our noggins that the word for the thing is not the thing itself.

Nowadays, this big idea in the meaning of meaning is shrugged off as obvious by students of semiotics, the academic indiscipline that puts semantics, syntactics and pragmatics into the same sign-language pot. Which brings us to the Deaver *thing*. "Within the White House," goes a Bernard Weinraub lead in The New York Times, "it is called, simply, 'the Deaver thing.'"

For five centuries, we have been modifying the noun *thing*: "the publique thinge," in 1436, meant the state or commonwealth, derived from the Latin *res publica*, source of the word *republic*. In Old Norse, *thing* meant "public assembly, cause, matter, affair," and still appears in our language with that meaning in the word *hustings*. Of the 50 most common words spoken in English — mostly articles, pronouns and prepositions — *thing* is the only noun that makes it. No name is as popular.

The new use of the grand old word harks back to that earliest sense of "public matter." Although the dictionaries do not yet show it, *thing* is frequently being used with an attributive noun, as in *the terrorism thing*, *the whole tax-reform thing* and *the Deaver thing*.

Attributive nouns are nouns that modify — attribute meaning to — other nouns, as in *basketball star* and *Amityville horror*. When a hip agnostic says, "I'm not into the God thing," he uses *thing* as a device to distance himself from the word that signifies the thing.

The use of *thing* in the step-back construction is usually a minimizer. The Deaver *thing* is to be discussed, avoided, brushed off; if it progresses to the Deaver *business*, it will have acquired a note of distaste; if we hear lawyers talking, it will be the Deaver *matter* or, more serious, the Deaver *case*. The word *problem* in this case is not pejorative — Lyndon Johnson had "the Bobby *problem*" — but *affair* is something to worry about: the Dreyfus *affair* rocked France almost a century ago.

Escalate it further, or give it a criminal or sexual connotation, and you have a *scandal*: Crédit Mobilier and Teapot Dome were attributive nouns modifying *scandal* in the Grant and Harding administrations, and the Profumo *scandal* rocked the Macmillan government in Britain. A good indication of the degree of culpability placed on the Nixon administration is in the word used to characterize its agony: Nixon called it the Watergate *thing*, Europeans call it the Watergate *affair*, not such a big deal, but most Americans remember the Watergate *scandal*.

Worst of all, in political terms — just short of *massacre* or *atrocity* — is *mess*: Harry Truman's influence-peddling *mess* brought him a lower popularity rating than Nixon's.

"But do your thing, and I shall know you," wrote Ralph Waldo Emerson in 1841.

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PERSONALS

RANDY AND NATHAN - Sorry I missed you on Friday. Can we meet in Viennoi Thursday 2:00 pm Krevski.

FEMME DE PARIS: I love you so. Le Crazy Horse.

SIMON O. YOU'LL GET NOTHING until I see it in writing. Greene.

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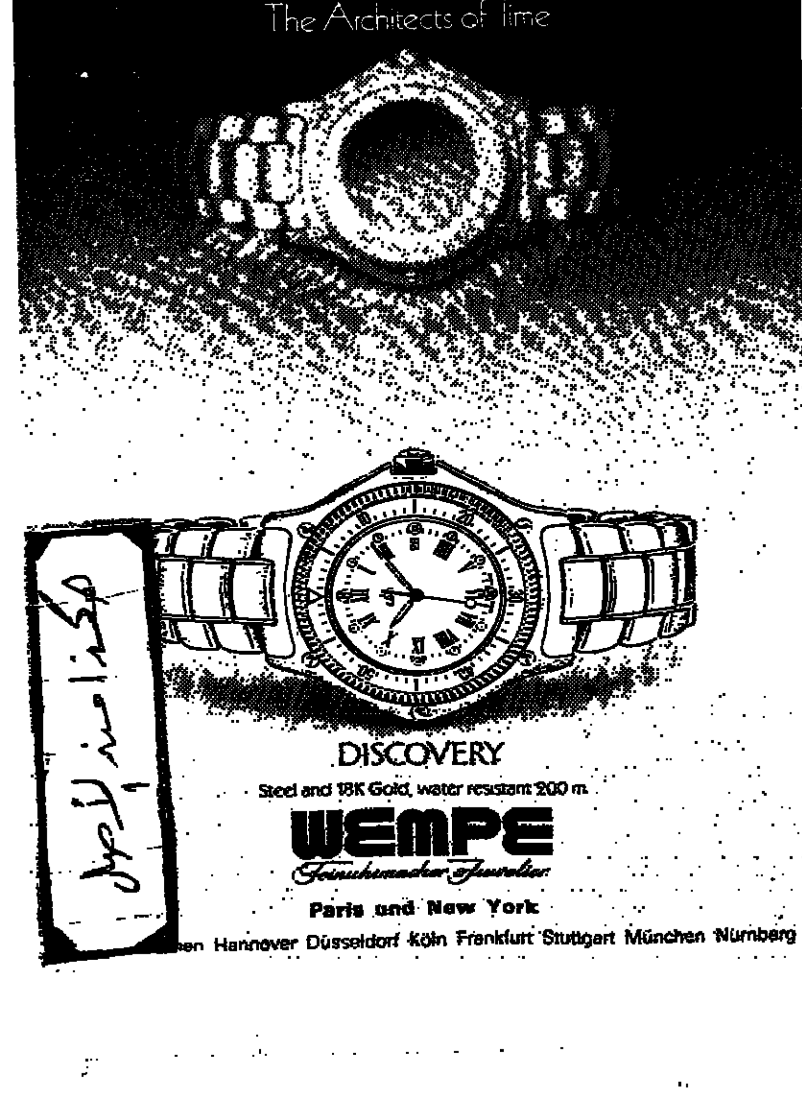

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